

(Printed Pages 4)

(20518)

Roll No.

B.B.A. - IV Sem.

18056

B.B.A. Examination, May - 2018

FINANCIAL MANAGEMENT

(BBA-402)

(New)

Time : Three Hours]

[Maximum Marks : 75

Note : Attempt questions from all Sections as per instructions.

Section - A

(Very Short Answer Questions)

Note : Attempt all the five questions of this Section. Each question carries 3 marks. Very short answer is required not exceeding 75 words. $3 \times 5 = 15$

1. Discuss the concept of Financial management.
2. What is Under Capitalization?
3. What is Uncertainty?

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4. What is Pay back period?
5. Discuss the concept of Dividend decision.

Section - B

(Short Answer Questions)

Note : This section contains three questions. Attempt any two questions. Each question carries $7\frac{1}{2}$ marks. Short answer is required (not exceeding 200 words. $7\frac{1}{2} \times 2 = 15$

6. Define capital structure. Discuss the factors affecting capital structure.
7. The total capitalization of the company has been made at Rs. 40 lacs. The company's average annual earnings (before interest & tax) are Rs. 10 lacs. The market rate of capitalization for similar companies is 20%. Considering the above facts you have to answer:
 - (a) Whether the company is under capitalised?
 - (b) If so what is the extent of under capitalization?
 - (c) What will be the impact of the above condition on the market value of its shares?

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8. Discuss dividend policy. What are the essentials of a sound dividend policy?

Section - C

(Detailed Answer Questions)

Note : This Section contains **five** questions, attempt any **three** questions. Each question carries 15 marks. Answer is required in detail. 15×3=45

9. Explain the meaning and causes of over capitalization. What would you do to correct over capitalization in a corporation.
10. From the information given below, calculate the working capital requirements:
- | | |
|---|--------------|
| Budgeted Sales | Rs. 6,50,000 |
| Percentage of Profit on Cost of Sales | 25% |
| Average credit allowed to Customers | 10 weeks |
| Average credit allowed by Suppliers | 4 weeks |
| Average Stock carrying
(in terms of sales requirement) | 8 weeks |
- Add 10% to computed figures for contingencies.

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11. What is meant by working capital? How would you determine the working capital requirements?
12. A company purchases 15,625 units of raw material @ Rs. 12 per unit to meet its entire annual requirements. The order cost comes to Rs. 60 per order and inventory carrying cost is Rs. 1.20 per unit. Find out:
- (i) Economic Order Quantity
 - (ii) Ordering Cost
 - (iii) Carrying Cost
 - (iv) Total Inventory Cost
13. Discuss the nature and scope of capital Budgeting. Explain the different methods of capital Budgeting.

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