

B.B.A. SEM – III (2015 CBCS Course) : SUMMER - 2019
SUBJECT : BASICS OF FINANCIAL MANAGEMENT

Day : Thursday
Date : 02/05/2019

S-2019-1956

Time : 02.00 PM TO 05.00 PM
Max. Marks : 100

N.B.:

- 1) Attempt **ANY FOUR** questions from Section – I and attempt **ANY TWO** questions from Section – II.
- 2) Answers to both the sections should be written in **SAME** answer books.
- 3) Use of non-programmable **CALCULATOR** is allowed.
- 4) Figures to the right indicate **FULL** marks.

SECTION – I

- Q.1** Describe the role of Finance Manager in globalized environment in detail. **[15]**
- Q.2** Compare Equity Shares v/s Preference Shares in light of their merits and demerits. **[15]**
- Q.3** Elaborate various factors to be considered while framing the capital structure of the organization in detail. **[15]**
- Q.4** a) Explain in detail the various Sources of Financing Working Capital. **[07]**
b) Elaborate various determinants of Working Capital. **[08]**
- Q.5** Write short notes on **ANY THREE** of the following: **[15]**
a) Net Present Value (NPV)
b) Leverage and its types
c) Dividend
d) Finance Function

SECTION – II

- Q.6** Explain the various factors affecting dividend policy of the company in detail. **[20]**

P.T.O.

- Q.7** Rohit Ltd., considering a project for an investment. The following details are available about the project. [20]

Year	Cash flows (Rs.)
0	(44,00,000)
1	20,75,000
2	18,50,000
3	14,80,000
4	18,30,000
5	16,30,000

Calculate:

- Pay Back Period
- Discounted pay-back period
- Net Present Value
- Profitability Index

The cost of capital is 10% and discounting factors are 0.909, 0.826, 0.751, 0.683 and 0.621 for five years respectively.

- Q.8** The Board of directors of Aman Co. Ltd., requests you to prepare a statement showing working capital requirement for a level of activity of 1,56,000 units of production. The following information is available for your consideration. [20]

Per unit	Rs.
Raw materials	90
Direct Labour	40
Overheads	<u>75</u>
Total cost	205
Profit	<u>60</u>
Selling price	265

Additional Information:

- Raw materials are in stock on an average one month.
- Work in process, 50% complete on an average two weeks.
- Finished goods are stock on an average one month.
- Credit allowed by suppliers one month.
- Time lag in payment from debtors two months.
- Lag in payment of wages 1½ weeks.
- 20% of the output is sold against cash.
- Cash in hand expected Rs. 60,000/-.

Assume that production is carried one evenly throughout the year, wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month.

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