

BACHELOR OF BUSINESS ADMINISTRATION (C.B.C.S.) (2015 COURSE)

B.B.A. Sem-III :SUMMER- 2022

SUBJECT : BASICS OF FINANCIAL MANAGEMENT

Day : Thursday

Date : 9/6/2022

S-13869-2022

Time : 10:00 AM-01:00 PM

Max. Marks : 60

N.B.:

- 1) Attempt **ANY FOUR** questions from Section-I and **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** What do you mean by Dividend Policy? Explain the factors affecting Dividend Decision. [15]
- Q.2** Explain the following [15]
a) Equity Shares
b) Time value of Money
- Q.3** Explain the role of Finance Manager in Globalized Environment. [15]
- Q.4** Discuss the various factors considered while Framing Capital Structure. [15]
- Q.5** Elaborate the sources of Financing Working Capital. [15]
- Q.6** Write short notes on **ANY THREE** of the following: [15]
a) Preference Shares
b) Operating Leverage
c) Debentures
d) Cost of Capital
e) Internal Rate of Return

SECTION-II

- Q.7** What do you mean by Financial Management? Explain the objectives of Financial Management. [20]
- Q.8** A Firm whose cost of capital is 10% is considering two mutually exclusive proposals, A and B, the details of which are as follows: [20]

Particulars	Proposal A	Proposal B
Initial investments	30,00,000	30,00,000
Projected Cash inflows		
1 st Year	6,00,000	5,00,000
2 nd Year	8,00,000	9,00,000
3 rd Year	10,00,000	11,00,000
4 th Year	12,00,000	15,00,000
5 th Year	15,00,000	16,00,000

You are required to calculate the following for proposal A and B and give the decision in which proposal the Firm should invest.

- a) Payback Period
- b) Net present value @ 10% rate of discount.
The discounting factors at 10% are: 1st Year- 0.909, 2nd Year- 0.826,
3rd Year- 0.751, 4th Year- 0.683, 5th Year- 0.621.

P.T.O.

- Q.9** The Board of directors of Sai Ltd. requests you to prepare a statement showing working capital requirements for a level of activity of 1,60,000 units of production. The following information is available for your consideration. [20]

Particulars	Rs. (Per Unit)
Raw Materials	90
Direct labour	48
Overheads	72
Total cost	210
Profit	60
Selling price	270

Additional Information:

- a) Raw materials are in stock on an average one month.
- b) Materials are in process, 50% complete on an average two weeks.
- c) Finished goods are in stock on an average one month.
- d) Credit allowed by suppliers one month.
- e) Time lag in payment from debtors two months.
- f) Lag in payment of wages 1½ weeks.
- g) Lag in payment of overheads one month. 20% of the output is sold against cash. Cash in hand and bank expected Rs. 90,000.

Assume that the production is carried on evenly throughout the year. Time period of 4 weeks is equivalent to a month.

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