

Seat No: _____
[A-1]

SARDAR PATEL UNIVERSITY No. of Printed Pages : 2
B.B.A. (GENERAL) (SEMESTER: IV) EXAMINATION (NC-2010 BATCH)

2016

Friday, 6th May

10:30 A.M. To 12:30 P.M.

UM04CBBA01/06: FINANCIAL MANAGEMENT

Total Marks: 60

Notes: 1. Figure to the right indicate full marks of question.

2. All questions carry equal marks.

3. Working notes are part of answer.

Q-1 (A) Define the term financial management and explain the goals of financial management. [10]

(B) Write a brief note on equity shares. [05]

OR

Q-1 (A) Difference between capital market and money market. [08]

(B) Briefly explain role and responsibilities of finance executive. [07]

Q-2 Clarify the concept of financial planning and Describe the factor affecting financial planning. [15]

OR

Q-2 Explain the concept, causes and effects of over capitalization. [15]

Q-3 Define the concept of working capital and working capital management and Explain the factor affecting working capital requirements. [15]

OR

Q-3 From the following data of DVAD prepare cash budget from the period from 1st July to 31st December, 2016 when the opening cash balance is expected be Rs. 50,000. [15]

Month	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)	Factory expenses (Rs.)	Admin. & selling O/H (Rs.)
May	2,00,000	90,000	18,000	12,000	15,000
June	1,80,000	95,000	20,000	14,000	17,000
July	2,10,000	94,000	19,000	10,000	15,000
August	1,70,000	94,000	15,000	13,000	13,500
September	1,75,000	85,000	22,000	14,500	15,100
October	2,20,000	72,000	18,000	11,000	16,500
November	2,12,000	75,000	21,000	9,500	15,300
December	2,50,000	65,000	20,000	10,000	13,900

Additional Information:

1. Machinery to be purchased for Rs. 60,000 in July will be payable on delivery.

2. Period of credit allowed by supplier is 1 month and the same credit is allowed to customers.
3. Wages are paid after one week, while factory expenses and administration and selling overheads are paid one month after the month in which they incurred.
4. A sales commission of 2.5% on sales paid 2 months after sales.
5. Machinery to be purchased in August for Rs. 1,80,000 is payable in equal installments in September and October.

Q-4 (A) What is capital budgeting? Discuss its significance. [09]

(B) Write a note on pay-back period (PBP) method of capital budgeting. [06]

OR

Q-4 Following information is available in respect of RAM limited. [15]

Initial investment (Purchase of Machine)	Rs. 10,000
Life of Asset (Machine)	05 Years
Discounting Factor	10%
Cash flow after tax but before depreciation	
Year-1	Rs. 6,000
Year-2	Rs. 3,000
Year-3	Rs. 2,000
Year-4	Rs. 5,000
Year-5	Rs. 5,000

Calculate:

1. Pay-back period
2. Average rate of return
3. Net present value
4. Profitability Index

ALL THE BEST

(2/2)

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(2)