

Total No. of Questions : 5]

[Total No. of Printed Pages : 2

[3672]-401

B. B. A. (Semester - IV) Examination - 2009

FINANCIAL MANAGEMENT

(2005 Pattern)

Time : 3 Hours]

[Max. Marks : 80

Instructions :

- (1) All questions are compulsory.*
 - (2) All questions carry equal marks.*
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Q.1) What do you mean by 'Financial Management' ? Explain in brief, duties and responsibilities of Finance Manager in Modern Business Organisation.

OR

Q.1) Define Traditional and Modern Concept of Finance Function. Also explain goals of Financial Management ? Which goal is considered to be more superior and why ?

Q.2) Explain concept of Depository. Explain benefits of Depository to the Nation, Investors, Issuers and Intermediaries.

OR

Q.2) What do you mean by 'Capital Budgeting' ? Explain process of Capital Budgeting.

Q.3) Write short notes : **(Any Two)**

- (a) Working Capital Cycle
- (b) Forward Contract
- (c) Internal Rate of Return
- (d) Time Value for Money

- Q.4) (A)** Discuss in brief, Authorized Activities of Merchant Bankers.
- (B)** Calculate New Working Capital requirement of XYZ Co. from the following information :

Particulars	Amount/Rs.
Annual Sales	14,40,000
Cost of Production (Including Depreciation Rs. 1,20,000)	12,00,000
Raw Material Purchased	7,05,000
Anticipated Opening Stock of Raw Material	1,40,000
Anticipated Closing Stock of Raw Material	1,25,000

Additional Information :

- (1) Inventory Norms :
Raw Material 2 months, Work in Progress 15 days, Finished Goods 1 month.
- (2) Company enjoys a credit of 15 days on its purchases and allows one month credit on its supplies.
- (3) Assume that production carried on evenly throughout the year and minimum cash balance required Rs. 10,000. Assume 10% margin.

- Q.5)** ABC Engineering Co. is considering two investments. Each requires an initial investment of Rs. 1,80,000. The Cost of Capital is 8%. The total cash inflow after tax and depreciation for each project is as follows :

Year	Project A Rs.	Project B Rs.	PV of Re. 1 @ 8%
1	30,000	60,000	0.926
2	50,000	1,00,000	0.857
3	60,000	65,000	0.794
4	65,000	45,000	0.735
5	40,000	—	0.681
6	30,000	—	0.630
7	16,000	—	0.583

Calculate : Payback Period, Discounted Payback Period, Profitability Index and Net Present Value of both the projects.