

[A-3/A-4]

SEAT No. _____

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SARDAR PATEL UNIVERSITY
BBA (GENERAL) EXAMINATION, SEMESTER – IV (NC – 2010 BATCH)
Monday, April, 8, 2019
10.00 a.m. TO 12.00 pm
FINANCIAL MANAGEMENT [UM04CBBA01/06]

TOTAL MARKS: 60

- Q.1.a Explain briefly the role of treasurer and controller in an organization. [10]
 b. Write a brief note on financial markets. [05]

OR

- Q.1.a Briefly discuss the Indian financial system with its constituents. [10]
 b. Explain the features of debentures. [05]

- Q.2 What is financial planning? Discuss the features and limitations of a financial plan. [15]

OR

- Q.2 Define over-capitalization and explain its effects on the company, shareholders and the society. [15]
 Q.3 Vicky Ltd. has given the following particulars. You are required to prepare a cash budget for three months ending 31st Dec. 2010. [15]

Months	Sales	Materials	Wages	Overheads
August	40,000	20,400	7,600	3,800
September	42,000	20,000	7,600	4,200
October	46,000	19,600	8,000	4,600
November	50,000	20,000	8,400	4,800
December	60,000	21,600	9,000	5,000

Additional information:

Sales- 10% sales are on cash basis. 50% of the credit sales are collected next month and the balance in the following month.

Creditors- Material 2 months; Wages- 1/5 month; Overhead- 1/2 month.

Cash balance on 1st October, 2010 is expected to be Rs.8,000.

A machinery will be installed in August, 2010 at a cost of Rs.1,00,000.

Dividend at 10% on preference share capital of Rs.3,00,000 will be paid on 1st December, 2010.

Advance to be received for sale of vehicle Rs.20,000 in December.

Income-tax (advance) to be paid in December Rs.5000.

OR

- Q.3.a What are the two concepts of working capital and why is the decision of working capital significant in financial management? [10]
 b. Write a brief note on operating cycle.

- Q.4 What is a capital budgeting decision? Explain its types and process in detail. [05]
 [15]

OR

- Q.4 Following is the data regarding a project being considered: [15]

Particulars	Rs.
Initial outlay	1,00,000
Salvage value	-----
Earnings before depreciation & tax:	
Year: 1	25,000
2	25,000
3	20,000
4	20,000
5	25,000
Expected life	5 years

The required rate of return is 10%. Tax rate is 50%. Depreciation is charged on straight line method. Evaluate the project on the basis of ARR, PBP, NPV and PI.

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— X —
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