

SEAT No. _____
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SARDAR PATEL UNIVERSITY

B.B.A.(GENERAL) (THIRD SEMESTER)(2020-2021) EXAMINATION

Tuesday, 5th January, 2021.

10.00 A.M. TO 12.00 P.M.

FINANCIAL MANAGEMENT-1 (UM03CBBA53)

Total Marks: 70

NOTES- 1. Write Answers to the point.

2. Attempt any FOUR QUESTIONS.

- 1(a) What do you mean by Financial Management? Discuss the Executive and Routine Finance Function of Business. **9**
- (b) Explain the Role and Responsibilities of Financial Manager in Modern Business World. **8.5**
- 2 Explain the Objectives of Financial Management and Why the wealth Maximization objective is superior than the profit maximization objective? Explain. **17.5**
- 3(a) What is Financial Planning? Explain the basic characteristics of Sound Financial Plan. **9**
- (b) Why Financial Planning is so important for Business Units? Explain. **8.5**
- 4 Explain the various factors affecting Financial Planning and also discuss Limitation of Financial Planning. **17.5**
- 5 Kaveri Ltd. Is considering two mutually exclusive projects. The following information are given: **17.5**

Cost of Project	Rs. 25,00,000
Life of the Project	5 years
Required Rate of Return	10%
Tax rate	50%

The Net Cash flows before tax and depreciation(CFBT) are:

Year	Project I	Project II
1	10,00,000	12,50,000
2	10,00,000	10,00,000
3	10,00,000	5,00,000
4	10,00,000	12,50,000
5	10,00,000	12,50,000

The Projects will be depreciated on Straight Line Method. You are required to calculate:

1. Pay Back Period
2. Accounting Rate of Return
3. Net Present value

(1)

(P.T.O.)

- 6(a) What is capital Budgeting? Explain the Process of preparing a Capital expenditure budget. 9
- (b) Discuss the Significance of Capital Budgeting Decision in Business. 8.5

7 Jay Ltd. provides following information relating to its activity of business: 17.5

Period covered :	365 Days
Average period allowed by supplier	30 Days
	Rs
Raw Materials consumption per annum	30,00,000
Annual Cost of production	50,00,000
Annual cost of Sales	55,00,000
Annual Sales	70,00,000
Average total of Debtors outstanding	2,00,000
Average Value of Current Assets Held:	
Raw Materials	4,50,000
Work-in-Progress	2,60,000
Finished Goods	4,40,000
Debtors	9,00,000

All sales made by the company are on credit only.
Calculate Operating Cycle Period and working capital required.

- 8(a) What is Working Capital? Explain the factors those are affecting Working Capital Requirement. 9
- (b) Explain the importance of working capital for operating the Business. 8.5

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