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Name of the Candidate:

B.B.A. DEGREE EXAMINATION – 2011
(DOUBLE DEGREE)
(PART – III)
(PAPER – III)

280. FINANCIAL MANAGEMENT

December)

(Time: 3 Hours

Maximum: 100 Marks

SECTION - A

Answer any TEN questions.

(10 × 2 = 20)

1. Define financial management.
2. What is meant by wealth maximization?
3. What is meant by Sundry Debtor?
4. What are the sources of cash inflow?
5. Define Inventory Turnover Ratios.
6. Why is debt-equity ratio calculated?
7. What do you mean by permanent working capital? Give examples.
8. Differentiate gross working capital and net working capital.
9. What is cost of capital?
10. Why should stable dividend policy be followed?
11. What is aging schedule?
12. What is composite cost?

SECTION - B

Answer any FOUR questions.

(4 × 10 = 40)

13. What are the functions of a financial manager?
14. Distinguish between fund flow and cash flow analysis.
15. Given:
Current ratio = 2.8
Acid-test ratio = 1.5
Working capital = Rs 1,82,000
Calculate (1) Current assets (2) Current liabilities.
16. Explain the steps in Accounts Receivable Management.
17. A company issues 10,000, 15% preference shares of Rs. 100 each. Cost of issue is Rs. 2.5 per share. Calculate cost of preference capital if these shares are issued (a) at par (b) at a premium of 10% and (c) at a discount of 5%.
18. Explain the factors determining the dividend decision of a firm.

SECTION - C

Answer any TWO questions.

(2 × 20 = 40)

19. Differentiate modern financial management with traditional practice.

20. Babu & Co. presents the following financial statements for 2008 and 2009. Prepare a sources and application of funds statement.

Balance Sheet

Liabilities	2008 Rs.	2009 Rs.	Assets	2008 Rs.	2009 Rs.
Bills payable	4,52,000	6,28,000	Cash	1,06,000	62,000
Creditors	8,26,000	12,54,000	Investment	1,74,000	--
Loan from bank	2,00,000	5,00,000	Debtors	6,92,000	10,76,000
Reserves & Surplus	13,84,000	17,28,000	Stock	8,64,000	13,76,000
Share Capital	12,00,000	12,00,000	Net fixed assets	22,26,000	27,96,000
	40,62,000	53,10,000		40,62,000	53,10,000

Depreciation of Rs. 3,78,000 was written-off for the year 2009 on fixed assets.

21. Enumerate the three levers of working capital management.
22. Prepare a Balance Sheet with as many details as possible from the following information:

Gross profit ratio	20%
Debtors turn over	6 times
Fixed assets to networth	0.80
Reserves to capital	0.50
Current ratio	2.50
Liquid ratio	1.50
Net working capital	Rs. 5,00,000
Stock turn over ratio	6 times

%%%%%%%%%