



# RAN-3436

## SY BBA SEM-IV Examination

### March / April - 2019

## FINANCIAL MANAGEMENT - II

(Old or New to be mentioned where necessary)

સૂચના : / Instructions

નીચે દર્શાવેલ નિશાનીવાળી વિગતો ઉત્તરવહી પર અવશ્ય લખવી.  
Fill up strictly the details of signs on your answer book

Name of the Examination:

SY BBA SEM-IV

Name of the Subject :

FINANCIAL MANAGEMENT - II

Subject Code No.: 3 4 3 6

Seat No.:

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Student's Signature

Q.1 Attempt any five

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1. State the difference between gross working capital and net working capital.
2. Define economic order quantity.
3. How is trade credit a source of working capital finance?
4. What are the objectives of cash management?
5. What is capital rationing?
6. Explain the concept of discounting.

- Q.2** One project of XYZ Ltd is doing poorly and is being considered for replacement. 13 Three mutually exclusive projects A, B and C have been proposed. The projects are expected to require Rs. 2,00,000 each, and have an estimated life of 5 years, 4 years, and 3 years, respectively, and have no salvage value. The company's rate of return is 10%. The anticipated cash inflows after taxes (CFAT) for the three projects are as follows:

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Year I	CFAT(₹)			PVIF @10%
	A	B	C	
1	50,000	80,000	1,00,000	0.909
2	50,000	80,000	1,00,000	0.826
3	50,000	80,000	10,000	0.751
4	50,000	30,000	–	0.683
5	1,90,000	–	–	0.621

1. Rank each project applying the methods of PB, NPV & IRR.
2. Recommend the project to be adopted and give reasons.

OR

- Q.2** How is the concept of time value of money applied to capital budgeting? What are the methods based on time value of money? Explain them.

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**Q.3** X & Y Ltd is desirous to purchase a business and has consulted you, and one point on which you are asked to advise them, is the average amount of working capital which will be required in the first year's working.

You are given the following estimates and are instructed to add 10% to your compared figure to allow for contingencies.

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	<b>Particulars</b>	<b>Amount for the year (₹)</b>
1.	Average amount backed up for stocks of finished product	5000
	Stocks of Stores and materials	8000
2.	Average credit given:	
	Inland sales, 6 weeks' credit	3,12,000
	Export sales, 1.5 weeks' credit	78,000
3.	Average time lag in payment of wages and other out goings	2,60,000
	Wages, 1.5 weeks	48,000
	Stocks and materials, 1.5 months	10,000
	Rent and royalties, 6 months	62,400
	Clerical staff, 0.5 month	4,800
	Manager, 0.5 month	48,000
	Miscellaneous expenses, 1.5 months	
4.	Payment in advance:	
	Sundry expenses (paid quarterly in advance)	8,000
	Undrawn profits on an average throughout the year	11,000

Set up your calculations for the average amount of working capital required.

OR

Discuss the various factors determining the working capital needs of a firm.

**Q.4 Write short notes (any two)**

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1. Types of Inventory
2. Collection Matrix
3. Motives for holding cash