

7. (a) What do you mean by Economic Order Quantity ?

(b) Calculate EOQ :

Annual Usage 50000 units per year

Ordering Cost (Per order) ₹ 20

Carrying Cost (Per unit) ₹ 50

8. A company wants to make credit sales of ₹ 20 lakh. Variable cost is 60% of sale prices. Average collection period will be 60 days and cost of investment will be 20%. Should it make credit sale ? Justify your answer.

9. Write notes on the following :

(a) ABC Analysis

(b) Operating Cycle

Roll No. 0201859

BBA-402(N)

B. B. A. (Fourth Semester)
EXAMINATION, May, 2019

(New Course)

Paper Second

FINANCIAL MANAGEMENT

Time : Three Hours] [Maximum Marks : 70

Note : Attempt questions from all Sections as directed.

Inst. : The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.

Section—A

(Short Answer Type Questions)

Note : All questions are compulsory. Each question carries 3 marks.

1. Explain the following :

(A) Finance functions

(B) Finance objective

(C) Annuity and Perpetuity

(D) Capital Budgeting

(E) Weighted Average Cost of Capital

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(B-3)

(B-3) P. T. O.

[2]

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- (F) Financial leverage and Operating leverage
 (G) Net Operating Income Approach of Capital Structure
 (H) Motives of holding cash
 (I) Cash discount and trade discount
 (J) Elements of Credit Policy

Section—B

(Long Answer Type Questions)

Note : Attempt any *two* questions. Each question carries 10 marks.

2. Calculate the following :

- (i) Present value of ₹ 10,000 after five years @ 10% six monthly discounting.
 (ii) Future value of an annuity (beginning of the year) of ₹ 5,000 per year @ 12% per year.
 (iii) Rate of interest if ₹ 100 is deposited today becomes ₹ 175 after five years.

3. Select the better project (discount rate 16%) CFAT of :

Year	Project A	Project B
CO ₀	-60,000	-90,000
1	10,000	20,000
2	15,000	25,000
3	25,000	30,000
4	30,000	40,000
5	35,000	45,000

(B-3)

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4. Calculate IRR (Internal Rate of Return) of the following Project :

CO ₀	2,50,000
1	60,000
2	70,000
3	80,000
4	90,000

5. Calculate Weighted Average Cost of Capital :

	₹	
Equity share of ₹ 100, Market price ₹ 125	1,00,000	Dividend ₹ 20 per share
Debt	1,00,000	Interest 12% for rate 30%
Pref. Share of ₹ 500 each	50,000	Dividend ₹ 40 per share

Section—C

(Long Answer Type Questions)

Note : Attempt any *two* questions. Each question carries 10 marks.

6. Calculate Degree of Leverage :

	₹
Sales	5,00,000
Variable Cost VC 40%	2,00,000
Fixed Cost	1,50,000
Interest	1,00,000
Equity Capital	5,00,000
Debt Capital	5,00,000

(B-3) P. T. O.