



HCR-010-001508

Seat No. _____

B. B. A. (Sem. V) (CBCS) Examination

October – 2017

Advanced Financial Management

Faculty Code : 010

Subject Code : 001508

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

Instruction : Figures to the right indicate full marks of the question.

- 1 Discuss in detail factors affecting capital structure decision 14
in actual practice.

OR

- 1 Discuss in detail factors affecting dividend policy decision 14
in practice.

- 2 Discuss the criticisms of the Miller and Modigliani position. 14

OR

- 2 Discuss different forms of stable dividend policy. Also 14
explain advantages and disadvantages of stable dividend
policy.

- 3 Discuss the options available to a firm for investing 14
surplus cash.

OR

- 3 Prepare Cash Budget for JAY Co. Ltd. for the three 14
months of April to June 2017 and show when and how much
Bank Overdraft facility will be require during this period.

Month	Sale	Purchase	Labour	Overheads
February	220000	180000	20000	30000
March	180000	200000	24000	28000
April	200000	220000	30000	32000
May	150000	240000	32000	34000
June	160000	260000	34000	40000

- (1) 20% of sale and 25% of purchase were on cash basis.
- (2) 40% amount of credit sale is received in next month of the sale while remaining amount is received in second month of the sale.
- (3) Creditors are paid after one month.
- (4) Time lag for payment of Labour and overheads is $\frac{1}{2}$ month.
- (5) Advance Tax of Rs. 54,000 will be paid on 15.6.2017.
- (6) Cash Balance as on 1.4.2017 will be Rs. 60,400.
- 4 Discuss the liberal versus stiff credit standards. 14
- OR**
- 4 Describe the five C's of credit. 14
- 5 Write notes on :
- (1) Economic Order Quantity. 7
- (2) ABC method of inventory control. 7
- OR**
- 5 From the following information of NEELMADHAV Ltd. 14
Calculate :
- (1) Economic Order Quantity
- (2) Ordering level
- (3) Minimum level
- (4) Maximum level
- (i) Annual consumption of material 10000 units
- (ii) Cost of placing an order Rs. 70
- (iii) Storage and carrying charges – per unit Rs. 35
- (iv) Weekly average consumption – 200 units
- (v) Minimum weekly consumption – 150 units
- (vi) Re-ordering time – 4 to 6 weeks
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