



**MCV-010-001508**

Seat No. \_\_\_\_\_

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

**May / June - 2018**

**Advanced Financial Management**

**Faculty Code : 010**

**Subject Code : 001508**

Time : Hours]

[Total Marks : 70

**Instruction :** Figures to the right indicate full marks of the questions.

1 Describe Modigliani-Miller approach of capital structure. 14

**OR**

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

2 What are the factors affecting dividend policy ? 14

**OR**

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

3 Write short notes on :

(1) Motives of Holding Cash 7

(2) Limitations of Cash Budget 7

**OR**

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

Month	Sale	Purchase	Labour	Overheads
February	2,20,000	1,80,000	20,000	30,000
March	1,80,000	2,00,000	24,000	28,000
April	2,00,000	2,20,000	30,000	32,000
May	1,50,000	2,40,000	32,000	34,000
June	1,60,000	2,60,000	34,000	40,000

- (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. 61,000 will be paid on 15-6-2017
- (6) Cash Balance as on 1-4-2017 will be Rs. 67,400

4 Difference between Liberal and Strict credit policy. 14

**OR**

4 Describe the five C's involved in Credit evaluation. 14

5 What assumptions underline the basic EOQ model ? 14

**OR**

5 From the following information of JAYNEEL ltd. 14

- calculate :
- (1) Economic order quantity
  - (2) Minimum level
  - (3) Maximum level

- (1) Monthly consumption 600 units
- (2) Cost of placing an order Rs. 500
- (3) Carrying charges - per unit - 10%
- (4) Price per unit Rs. 200
- (5) Weekly average consumption - 150 units
- (6) Maximum weekly consumption - 200 units
- (7) Ordering period - 4 to 6 weeks.