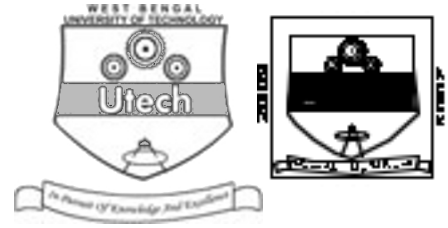


FINANCIAL MANAGEMENT (SEMESTER - 4)

CS / BTTM / SEM-4 / TTM-405 / 09



1.
Signature of Invigilator

2.
Signature of the Officer-in-Charge

Reg. No.

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Roll No. of the Candidate

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CS / BTTM / SEM-4 / TTM-405 / 09

ENGINEERING & MANAGEMENT EXAMINATIONS, JUNE - 2009

FINANCIAL MANAGEMENT (SEMESTER - 4)

Time : 3 Hours]

[Full Marks : 70

INSTRUCTIONS TO THE CANDIDATES :

- This Booklet is a Question-cum-Answer Booklet. The Booklet consists of **32 pages**. The questions of this concerned subject commence from Page No. 3.
- In **Group – A**, Questions are of Multiple Choice type. You have to write the correct choice in the box provided **against each question**.
 - For **Groups – B & C** you have to answer the questions in the space provided marked 'Answer Sheet'. Questions of **Group – B** are Short answer type. Questions of **Group – C** are Long answer type. Write on both sides of the paper.
- Fill in your Roll No. in the box** provided as in your Admit Card before answering the questions.
- Read the instructions given inside carefully before answering.
- You should not forget to write the corresponding question numbers while answering.
- Do not write your name or put any special mark in the booklet that may disclose your identity, which will render you liable to disqualification. Any candidate found copying will be subject to Disciplinary Action under the relevant rules.
- Use of Mobile Phone and Programmable Calculator is totally prohibited in the examination hall.**
- You should return the booklet to the invigilator at the end of the examination and should not take any page of this booklet with you outside the examination hall, **which will lead to disqualification**.
- Rough work, if necessary is to be done in this booklet only and cross it through.

No additional sheets are to be used and no loose paper will be provided

FOR OFFICE USE / EVALUATION ONLY

Marks Obtained

Group – A

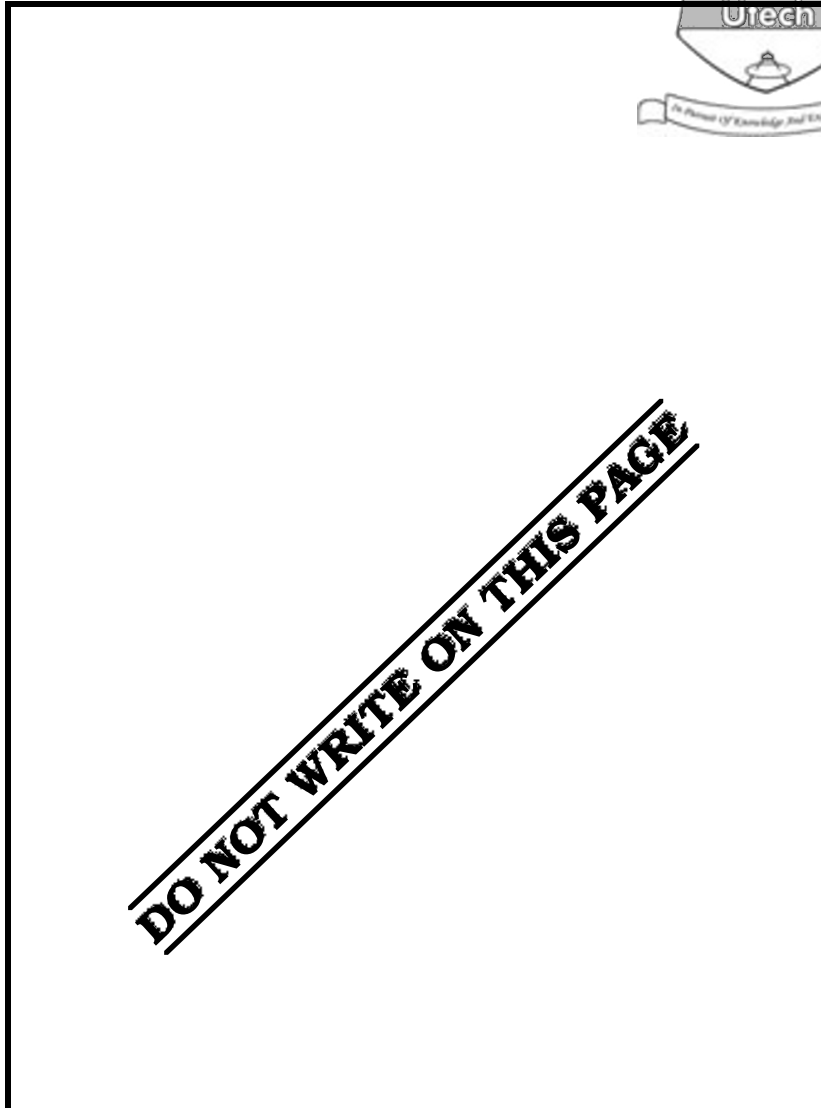
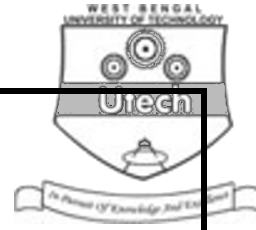
Group – B

Group – C

Question Number																					Total Marks	Examiner's Signature		
Marks Obtained																								

.....
Head-Examiner / Co-Ordinator / Scrutineer

4674 (16/06)

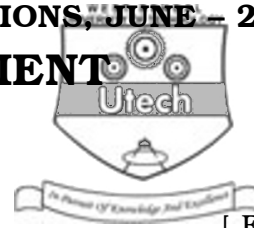




ENGINEERING & MANAGEMENT EXAMINATIONS, JUNE – 2009

FINANCIAL MANAGEMENT

SEMESTER - 4



Time : 3 Hours]

[Full Marks : 70

GROUP – A

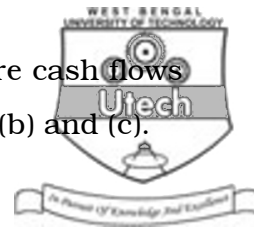
(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following : 10 × 1 = 10
- i) The main objective of financial management is
 - a) Maximization of sales
 - b) Maximization of wealth
 - c) Maximization of profit
 - d) Maximization of market expansion.

 - ii) Which of the following is *not* related to inventory control ?
 - a) VED b) FIFO
 - c) HIFO d) CPM.

 - iii) NPU stands for
 - a) Net Post Velocity
 - b) Net Present Value
 - c) Net Profit Volume
 - d) Net Profit Valuation (ex-ante).

 - iv) The firm's decision to invest its funds in fixed & long-term assets is known as
 - a) Capital budgeting b) Asset planning
 - c) Long term budgeting d) Short term budgeting.



- v) Wealth maximization objective takes into account
- | | | |
|-------------------------|----------------------|--------------------------|
| a) Rupee income of firm | b) Future cash flows | <input type="checkbox"/> |
| c) Time value of money | d) both (b) and (c). | |
- vi) Financing Decision is concerned with
- | | |
|---|--------------------------|
| a) Capital Budgeting decision | <input type="checkbox"/> |
| b) Amount of surplus to be distributed among shareholders | |
| c) Determining capital structure or Financing mix. | |
| d) None of these. | |
- vii) P-I Index is one of the
- | | |
|-----------------------------------|--------------------------|
| a) DPF Criterion | <input type="checkbox"/> |
| b) Discounted Cash Flow Criterion | |
| c) Non-DCF Criterion | |
| d) Both (a) and (b). | |
- viii) Identify the one which does not pay interest.
- | | | |
|----------------------|--------------|--------------------------|
| a) Preference Share | b) Term Loan | <input type="checkbox"/> |
| c) Recurring Deposit | d) Bond. | |
- ix) Capital which is procured from external source is called
- | | | |
|-------------------|-------------------|--------------------------|
| a) owned capital | b) debt capital | <input type="checkbox"/> |
| c) equity capital | d) none of these. | |
- x) Which of the following is not a factor for determination of working capital ?
- | | | |
|------------------------|---------------------|--------------------------|
| a) Nature of business | b) Size of business | <input type="checkbox"/> |
| c) Seasonal variations | d) Profit. | |
- xi) Capital Budgeting Technique is applied in which of the following cases ?
- | | | |
|-------------------------------|-----------------------------|--------------------------|
| a) Acquisition of fixed asset | b) Current asset management | <input type="checkbox"/> |
| c) Working capital management | d) None of these. | |
- xii) A document of recognition for the acceptance of loan is called
- | | | |
|--------------|-------------------|--------------------------|
| a) Debenture | b) Share | <input type="checkbox"/> |
| c) Security | d) None of these. | |



5

GROUP – B**(Short Answer Type Questions)**Answer any *three* of the following.

3 × 5 = 15

2. What do you mean by Zero Based Budgeting (ZBB) ? How is it different from traditional budgeting ?
3. State the importance of cost control in brief.
4. Elucidate the advantage of Net Present Value (NPV) of capital budgeting technique.
5. Elucidate briefly the importance and application of ABC analysis.
6. Differentiate between :
Debenture and preference share.

GROUP – C**(Long Answer Type Questions)**Answer any *three* questions.

3 × 15 = 45

7. What do you mean by cost of capital ? A company has determined the component-wise cost of capital for all its different sources of capital. You have to calculate the average cost of capital and comment on the strategy of the company :

Type of Capital	Proportion in the Capital Structure	Cost of Capital
-----------------	-------------------------------------	-----------------

Equity capital	25%	24.44%
Preference Capital	10%	27.29%
Debt Capital	50%	7.99%
Retained Earnings	15%	18.33%

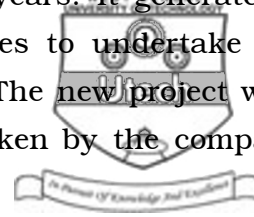
8. a) What is a flexible budget ?
- b) A Company incurs the following expenses to produce 1000 units of an article :

Direct Materials	Rs. 30,000
Direct Labour	Rs. 15,000
Power (20% Fixed)	Rs. 10,000
Repairs & maintenance (15% Fixed)	Rs. 8,000
Depriciation (40% Variable)	Rs. 6,000
Administrative Expenses	Rs. 12,000

Prepare a flexible budget showing individual exp. of production levels at 1500 units and 2000 units.



9. A company has a project having an additional life 5 years. It generates annual cash inflow of Rs. 20,000. At present, the company wishes to undertake a new project which requires an initial investment of Rs. 1,60,000. The new project will also have a working life of 5 years. If the new project is undertaken by the company, its future cash inflows will be increased to :



1st year	Rs. 52,000
2nd year	Rs. 68,000
3rd year	Rs. 80,000
4th year	Rs. 72,000
5th year	Rs. 60,000

Present value of Re 1 @ 10%

1st year — 0.909, 2nd year — 0.826, 3rd year — 0.751, 4th year — 0.683,
5th year — 0.620.

If the cost of capital is 10%, should the new project be undertaken ?

10. What do you mean by operating cycle ? State the importance of working capital management.
11. Write short notes on any *three* of the following : 3 × 5
- Wealth maximization
 - Cash budget
 - FOREX
 - Optimum Capital Structure
 - IRR.

END