



Exam seat No. \_\_\_\_\_

**B. P. COLLEGE OF BUSINESS ADMINISTRATION**

(Constituent college of Kadi Sarva Vishwa Vidhyalaya)

**BBA (SEM – IV) Mid- Term Examination February 2013****SUB: Financial Management – II (BBA 23)**

Date: 15/02/'13

Total marks: 40  
Duration: 1.5Hrs**Instructions:**

- All questions are compulsory.
- Figures to the right indicate full marks.
- Indicate clearly, the options you attempt along with its respective question number.

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- Q. 1 (A) What are the types of working capital? Explain with the help of a diagram. (4)  
(B) Which techniques can be used for control of accounts receivables? Give brief explanation. (4)
- Q. 2 (A) Answer the following multiple choice questions. (4)
1. The time period required for the conversion of raw materials into finished goods
    - a. Operating cycle period
    - b. Inventory conversion period
    - c. Receivable conversion period
    - d. None
  2. In deciding appropriate level of current assets the firm, management is confronted with
    - a. a trade-off between profitability and risk.
    - b. a trade-off between liquidity and marketability.
    - c. a trade-off between equity and debt.
    - d. a trade-off between short-term versus long-term borrowing.
  3. If the firm classifies its inventories on the basis of cost per unit, its said to have used:
    - a. SDE Classification
    - b. VED Classification
    - c. ABC Classification
    - d. HML Classification
  4. Which of the following is not the method of calculating EOQ?
    - a. Graphical Method
    - b. Trial and Error Method
    - c. Formula Method
    - d. Order Quantity Method
- (B) A manufacturing firm has annual usage of 10,000 units of material, which are purchased @ 20 Rs. Per unit. The inventory holding cost is 25% of inventory value and ordering cost is Rs. 160 per order. The supplier is ready to give Re.1 discount per unit if order size is at least 1000 units. The firm wants to find out if Economic Order Quantity can give minimum cost or Discount quantity can be beneficial. Do necessary calculations and give proper judgment (4)
- OR**
- (B) Define EOQ. Explain Graphical method of calculating EOQ. (4)
- Q. 3 What are the policies for financing the current assets of a firm? Discuss with the help of diagram. (8)
- OR**
- Q. 3 What do you mean by GOC, NOC & CCC. Discuss in detail with the help of a diagram. (8)
- Q. 4 What factors influence working capital requirements of a firm? (8)
- OR**
- Q. 4 What are the terms of payment? Explain at length. (8)
- Q. 5 What are the variables of a credit policy? What are the effects of changes in these variables? (8)
- OR**
- Q. 5 Explain classification of inventories according to VED, SDE, HML and FSN methods. (8)