



BE-307

Seat No. _____

B. B. A. (Sem. - VI) Examination

March/April - 2014

Advanced Financial Management - II

Time : 3 Hours]

[Total Marks : 70

- Instructions :** (1) Question No. 1 and 4 are compulsory and remaining has options.
(2) Figures to the right indicate marks.

1 (a) What are the functions and importance of Capital Market ? **6**

(b) Explain the concept of 'working capital flow'. **5**

2 From the following Balance Sheet of Zerox Ltd. **12**
Prepare funds flow statement for 2013.

Liabilities	31.3.2012 (Rs.)	31.3.2013 (Rs.)	Assets	31.3.2012 (Rs.)	31.3.2013 (Rs.)
Equity share capital	1,50,000	2,00,000	Goodwill	50,000	40,000
9% Preference share capital	75,000	50,000	Land and Building	1,00,000	85,000
Capital Reserve	-	10,000	Plant and Machinery	40,000	1,00,000
General Reserve	20,000	25,000	Investments	10,000	15,000
Profit & Loss A/c.	15,000	24,000	Sundry Debtors	70,000	85,000
Proposed dividend	21,000	25,000	Stok	39,000	55,000
Sundry Creditors	13,000	24,000	Bills Receivable	10,000	15,000
Bills Payable	10,000	8,000	Cash in hand	7,000	5,000
Liability for exp.	15,000	18,000	Cash at Bank	5,000	4,000
Provision for tax	20,000	25,000	Preliminary Exp.	8,000	5,000
	3,39,000	4,09,000		3,39,000	4,09,000

Additional Information :

- (1) A part of land was sold out in 2013, and the profit was credited to Capital Reserve.
(2) A machine has been sold for Rs. 5,000 (written down value of the machinery was Rs. 6,000). Depreciation Rs. 5,000 was charged on plant in 2013.

- (3) An interim dividend of Rs. 10,000 has been paid in 2013.
- (4) An amount of Rs. 1,000 has been received as dividend on investment in 2013.

OR

- 2 (a) Distinguish between primary market and secondary market. **6**
- (b) Difference between Bombay Stock Exchange and National Stock Exchange. **6**
- 3 Write short notes any **three** of the following : **12**
- (1) Book building
- (2) Right issue
- (3) Listing of Securities
- (4) Stock market indices
- (5) Fund flow statement.
- 4 (a) Define money market. Discuss the characteristics of organized and unorganized money market. **6**
- (b) What are the salient features of the international foreign exchange market ? **5**
- 5 (a) The current spot rate for US dollar is Rs. 62. The expected inflation rate is 6% in India and 2% in the US. What is the expected spot rate of dollar a year hence ? **6**
- (b) What is Credit Rating Agency ? Write its roles. **6**

OR

- 5 (a) How do international capital investment decisions differ from domestic capital investment ? **6**
- (b) What is hedging ? Discuss on money market hedging. **6**

- 6** Write short notes any **three** of the following : **12**
- (1) Credit Rating Information Services of India Limited (CRISIL)
 - (2) Foreign Direct Investment
 - (3) Options
 - (4) Credit Analysis and Research Ltd. (CARE)
-