

9. Write short notes on the following :

- (a) Operating cycle of working capital
- (b) Types of working capital

BBA-13

December – Examination 2020

B.B.A. (Part III) Examination

Financial Management

Paper : BBA-13

Time : 2 Hours]

[Maximum Marks : 70

Note :- The question paper is divided into two Sections A and B. Write answers as per the given instructions.

Section-A

7×2=14

(Very Short Answer Type Questions)

Note :- Answer all questions. As per the nature of the question delimit your answer in one word, one sentence or maximum up to **30** words. Each question carries 2 marks.

1. (i) Define Financial Management.
- (ii) Give *four* characteristics of Financial Statements.

- (iii) Name *four* ratios measuring profitability.
- (iv) Give *four* examples, when there is no flow of funds.
- (v) What is stable dividend policy ?
- (vi) Differentiate between participating and non-participating preference shares.
- (vii) What is operating leverage ? Give formula.

Section-B **4×14=56**

(Short Answer Type Questions)

Note :- Answer any *four* questions. Answer should not exceed **200** words. Each question carries 14 marks.

- 2. State the nature and limitations of financial statements.
- 3. How would you analyse the financial position of a company from the point of view of :
 - (a) A creditor
 - (b) A financial officer of the company ?

- 4. Explain the difference between :
 - (a) Cash flow statement and funds flow statement
 - (b) Cash flow statement and cash budget
- 5. What is meant by the term 'Leverage' ? What are its types ? Explain in brief.
- 6. Explain the principle of 'Trading on Equity'. Discuss its utility to management.
- 7. The following are the details of two projects :

Projects	X	Y
Cost (₹)	1,00,000	1,40,000
Life (years)	10	12
Estimated scrap (₹)	10,000	20,000
Annual profit after tax (₹)	10,000	12,000

Select the best one using (i) Pay back period
(ii) Post pay-back profitability as the decision criterion.

- 8. Evaluate the preference shares as a source of finance for a company.