

Determine :

- (a) Re-order level
- (b) Maximum stock level

Section–C **2×14=28**

(Long Answer Type Questions)

Note :- Answer any *two* questions. You have to delimit your each answer maximum up to **500** words. Each question carries 14 marks.

10. What do you understand by Comparative Financial Statements ? Explain in detail the various comparative financial statements.
11. What is a cash flow statement ? Describe briefly the main sources and usages of cash.
12. A project costs ₹ 15,000 and has a scrap value of ₹ 3,000. Its stream of income before depreciation and taxes during first five years is ₹ 3,000, ₹ 3,600, ₹ 4,200, ₹ 4,800 and ₹ 6,000. Assuming tax rate @ 50% and depreciation on straight line basis, calculate the average rate of return for the project.
13. What is meant by the term 'leverage' ? How would you compute the degree of operating leverage and financial leverage ? Explain with suitable example.

BBA–13

December – Examination 2022

BBA (Part III) Examination

FINANCIAL MANAGEMENT

Paper : BBA-13

Time : 3 Hours]

[Maximum Marks : 70

Note :- The question paper is divided into three Sections A, B and C. 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) What are the main Financial Decisions ?
- (ii) Give formula of stock turnover ratio.
- (iii) Explain the lock-box-system.
- (iv) Narrate any *two* assumptions of net income theory of capital structure.

- (v) Give any *four* differences between share and debenture.
- (vi) What is operating cycle of working capital ?
- (vii) What is meant by Financial Leverage ? Give formula.

Section-B **4×7=28**

(Short Answer Type Questions)

Note :- Answer any *four* questions. Each answer should not exceed **200** words. Each question carries 7 marks.

2. Define Financial Management. Discuss the salient features of financial management.
3. Following information is available for X Ltd. :

	₹
Stock	30,000
Debtors	10,000
Cash at Bank	8,000
Creditors	12,000
Bills Payable	5,000
Bank Overdraft	7,000

Calculate :

- (a) Current ratio
- (b) Quick ratio for X Ltd.

4. Explain the meaning of funds flow statement. Prepare a format of funds flow statement with imaginary figures (*Five* each at sources and application side).
5. Examine critically the 'Walter Formula' of dividend policy.
6. Write short notes on the following :
- (a) Public Deposits
- (b) Commercial Papers
7. Explain features of an optimal capital structure.
8. Veer Ltd. issued 1,000, 10% preference shares of ₹ 100 each. Cost of issue is ₹ 3 per share. Calculate cost of preference share capital if these shares are issued :
- (i) at par value
- (ii) at 10% premium
9. In a firm the material used per week is as follows :
- | | |
|-------------------|--------------|
| Normal usages | 100 units |
| Minimum usages | 50 units |
| Maximum usages | 150 units |
| Re-order quantity | 600 units |
| Re-order period | 4 to 6 weeks |