

# BBA-13

December – Examination 2023

## 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 do you understand by Financial Statements ?

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TC-450 Turn Over

(ii) Write the formula of efficiency ratio.

(iii) What is Fund Flow Statement ?

(iv) What is Net Working Capital ?

(v) What do you mean by Stock Turnover Ratio ?

(vi) Define 'High Gearing'.

(vii) What is Internal Rate of Return ?

### 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. Explain the concept of Wealth maximisation.
3. What is Common-size Financial Statements ? Discuss its utility for management.

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4. Calculate liquid ratio, current ratio and super quick ratio from the following data :

	₹
Current assets	50,000
Stock	10,000
Prepaid Expenses	5,000
Working Capital	30,000
Bank overdraft	5,000
Cash balance	10,000
Marketable securities	5,000

5. 10% 1000 Preference shares of ₹ 100 each, 100000 equity shares of ₹ 10 each additional information :  
Profit after tax (50%) ₹ 2,50,000.  
DPS ₹ 2 per share, MPS ₹ 40.  
Calculate EPS, P/E ratio, Dividend yield ratio and Dividend payout ratio.

6. Explain the concept of working capital. What are the determinants of working capital ? Explain.

7. In a factory components A and B are used weekly as follows :

Normal Usage                      50 units

Maximum Usage                    75 units

Minimum Usage                    25 units

Re-order quantity :

A = 300 units

B = 500 units

Re-order period :

A = 4 to 6 weeks

B = 2 to 4 weeks

Calculate for each component :

- (i) Re-order level
- (ii) Maximum stock level
- (iii) Minimum stock level

8. What do you understand by Dividend ? State any *four* determinants of dividend policy.

9. Define Capital Structure and explain its features.

**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. Why analysis of financial statement is important for various stakeholders of business concern ?

11. From the following Balance Sheets of ABC Ltd. as on 31st December, 2010 and 2011. You are required to prepare a statement showing changes in working capital :

<b>Liabilities</b>	<b>2010</b>	<b>2011</b>
	(₹)	(₹)
Share Capital	5,00,000	6,00,000
Reserve and Surplus	2,00,000	4,00,000
Loans	3,00,000	5,00,000
Creditors	1,50,000	2,00,000
Bills Payable	1,00,000	70,000
	<b>12,50,000</b>	<b>17,70,000</b>

<b>Assets</b>	<b>2010</b>	<b>2011</b>
	(₹)	(₹)
Fixed Assets	7,50,000	10,00,000

Investment	1,00,000	3,00,000
Stock	2,00,000	2,20,000
Debtors	1,00,000	80,000
Cash	30,000	70,000
Bills Receivable	70,000	1,00,000
	<b>12,50,000</b>	<b>17,70,000</b>

12. What is 'Cash' in cash management ? What is Miller-Orr Model of cash management ?
13. What do you understand by long-term finance ? Critically examine the importance of instruments of long-term finance.