

11. Write explanatory notes on following :

- (a) Common size statements
- (b) Comparative statements

12. Evaluate the Preference shares and Equity shares as a source of finance of a Company.

13. Machine A costs ₹ 1,00,000 payable immediately. Machine B costs ₹ 1,20,000, half payable immediately and half payable in one year's time. The expected cash receipts are as follows :

Year (at end)	Machine A (₹)	Machine B (₹)	Discount Factor at 7%
1	20,000	–	.935
2	60,000	60,000	.873
3	40,000	60,000	.816
4	30,000	80,000	.763
5	20,000	–	.713

At 7% opportunity cost, which machine should be selected on the basis of net present value ?

BBA–13

June – 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) Give *two* limitations of Financial Management.
- (ii) What is Horizontal Analysis ?

(iii) From the following data, calculate current ratio :

Working Capital	₹ 2,00,000
Current liabilities	₹ 2,00,000

- (iv) What is 'schedule for changes in working capital' ?
- (v) Give formula for computing operating cycle.
- (vi) What is average rate of return ? Give formula.
- (vii) What is Economic order Quantity ? 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. What is a Cash Flow Statement ? How is it prepared ?
3. What do you understand by net operating income theory of capital structure ?
4. A company has sales of ₹ 1,00,000. The variable costs are 40% of sales while the fixed costs amounts to ₹ 30,000. The amount of interest on long term debts is ₹ 10,000.

You are required to calculate the composite leverage.

5. 8 years, 15% debentures of ABC Ltd. are sold at the rate of ₹ 80. The face value of debenture is ₹ 150 and the rate of tax is 50%.

You are required to compute the cost of debt capital.

6. Give short notes on the following :

- (a) Indifference point
- (b) EBIT-EPS Analysis

7. What is Trend Analysis ? Give its importance.
8. Explain clearly the meaning of cash management and the principal motives of holding cash.
9. ₹ 1,00,000 is the net sales of a firm during 2020. If inventory turnover is 4 times. Calculate the inventory at the end of the year. Inventory at the end is 1.5 times then that in the beginning of the year.

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. Explain the terms 'Funds' and 'Flow' in respect of funds flow statement and describe various sources and uses of funds.