



ED-989

BBA 4th Semester
Examination, May-June 2021

Financial Management

(119)

Time : Three Hours] [Maximum Marks : 90
[Minimum Pass Marks : 32

Note : Answer **all** questions. All questions carry equal marks.

Unit-I

1. What are the objectives and functions of Financial Management? How far this is associated with other functional areas?

OR

What do you mean by Financial Management? Explain the functions and importance of Financial Management.

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(Turn Over)

(2)

Unit-II

2. What are the different 'Financial Statements' and what is the importance of each? Introduce different tools of analysis and what is the importance of each?

OR

From the Balance Sheets of the company for the year ending 31st December, 2020 and 31st December, 2021 prepare schedule of change in working capital and a statement showing sources and application of fund :

Liabilities	31st Dec., 2020 (₹)	31st Dec., 2021 (₹)
Share Capital	3,00,000	4,00,000
Sundry Creditors	1,00,000	70,000
P/L A/c	15,000	30,000
	4,15,000	5,00,000

Assets	31st Dec., 2020 (₹)	31st Dec., 2021 (₹)
Plant and Machinery	50,000	60,000
Furniture and Fixture	10,000	15,000
Stock in Trade	85,000	1,05,000
Debtors	1,60,000	1,50,000
Cash	1,10,000	1,70,000
	4,15,000	5,00,000

(3)

Unit-III

3. What is meant by Ratio analysis ? Discuss its objects and limitations.

OR

From the following particulars of Stevedars Ltd. calculate Liquidity Ratios :

	₹
Machinery	8,00,000
Land and Building	6,00,000
Furniture	1,00,000
Stocks :	
Finished Goods	50,000
Work-in-Progress	20,000
Raw materials	60,000
Sundry Debtors	1,00,000
Cash	60,000
Payments in Advance	20,000
Sundry Creditors	80,000
Bills Payable	10,000
Bank Overdraft	10,000
Provision for taxation	20,000
Proposed Dividends	40,000
Reserve for Deferred	14,000
Prepaid Expenses	10,000

Calculate the Liquidity ratio and comment on the results.

(4)

Unit-IV

4. Explain the concept and determinants of Working Capital.

OR

Write short notes on any **two** of the following :

- (a) Management of Cash
- (b) Management of Receivables
- (c) Management of Inventory

Unit-V

5. Despite its weakness, the payback period method is popular in practice. What are the reasons for its popularity ?

OR

A project will cost ₹ 40,000. Its stream of earnings before depreciation, interest and taxes (EBDIT) during the first year through five years is expected to be ₹ 10,000, ₹ 12,000, ₹ 14,000, ₹ 16,000 and ₹ 20,000.

Assume a 50% tax rate and depreciation on straight line basis. Compute ARR of project.

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