

Roll No.

DD-989

Bachelor of Business Administration (Fourth Semester) EXAMINATION, May/June, 2020

FINANCIAL MANAGEMENT

(119)

Time : Three Hours

Maximum Marks : 90

Minimum Pass Marks : 32

Note : Attempt all the *five* questions. *One* question from each Unit is compulsory. All questions carry equal marks.

Unit—I

1. What do you understand by Financial Management ? Explain the functions, importance and limitations of financial management.

Or

Distinguish between Management Accounting and Financial Accounting. How does Management Accounting help in decision-making ?

Unit—II

2. What are the various methods of presenting Cash Flow Statement as per AS-3 ? Discuss its direct method.

(A-66) P. T. O.

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Or

The Balance Sheet of Bright Ltd. at the end of 2015 and 2016 are follows :

Liabilities	2015 (₹)	2016 (₹)
Pref. Share Capital	70,000	75,000
Equity Share Capital	1,30,000	1,75,000
Creditors	1,00,000	70,000
P/L A/c	20,000	30,000
	3,20,000	3,50,000

Assets	2015 (₹)	2016 (₹)
Plant and Machinery	50,000	60,000
Furniture and Fixture	20,000	75,000
Stock	80,000	50,000
Debtors	70,000	85,000
Cash	1,00,000	80,000
	3,20,000	3,50,000

You are required to prepare a statement of working capital changes and a statement of fund flow from the above data.

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Unit—III

3. Explain and illustrate the following Ratios in the interpretation of financial statements :

- (a) Current Ratio
- (b) Gross Profit Ratio
- (c) Stock Turnover Ratio
- (d) Operating Ratio

Or

The following data are available in respect of Rama Ltd. :

Profit before tax	₹ 2,44,600
Tax Rate	60%
Proposal Dividend	20%
Market Price of equity shares	₹ 20
Capital consists of :	
9% preference shares of ₹ 1,00,000	
Equity share of ₹ 10 each	₹ 3,00,000
Reserve at the beginning of the year	₹ 2,20,000

You are required to compute with reference to equity shares :

- (i) Earnings per share
- (ii) Book value per share
- (iii) Earnings yield ratio
- (iv) Dividend payment ratio

Unit—IV

4. Explain the meaning of working capital management. Describe the various dimensions of working capital.

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Or

From the data given below, prepare working capital forecast :

Budgeted Sales (₹ 20 per unit) ₹ 5,20,000 p. a.

Analysis of one rupee sales :

	₹
Raw Materials	0.30
Labour	0.40
Overhead	0.20
Profit	0.10
	<u>1.00</u>

It is estimated that :

- Raw materials are kept in stock for 3 weeks and finished goods for 2 weeks.
- Factory processing will take 3 weeks.
- Suppliers will give 5 weeks credit and customers will required 8 weeks credit.

It may be assumed that wages and overheads accrue evenly throughout the year.

Unit—V

5. Write short notes on any two of the following :

- Methods of capital budgeting
- Factors affecting capital expenditure decision
- Scope and importance of capital budgeting

Or

Shyam and Co. is considering the purchase of a machine A and B are available, each costing ₹ 50,000.

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Earning after taxation and before dep. are expected to be as under :

Year	Machine A (₹)	Machine B (₹)
1	15,000	5,000
2	20,000	15,000
3	25,000	20,000
4	15,000	30,000
5	10,000	20,000

Evaluate the two alternatives according to :

- (a) Pay-back period method
- (b) Return on investment method (average investment)

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