

**G-1838**

**B.B.A. (IV<sup>th</sup> Semester)**

**Examination, May-June, 2023**

**FINANCIAL MANAGEMENT**

**(119)**

**Time Allowed : Three Hours**

**Maximum Marks : 90**

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

**UNIT-I**

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

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**P.T.O.**

**(2)**

**OR**

Compare and contrast between 'Profit Maximisation and Wealth Maximisation'. Discuss their significance for the growth of the organisation and limitation of each.

**UNIT-II**

**Q. 2.** How can a statement of changes in cash flow be prepared ? How does it differ from statement of changes in fund flow ?

**OR**

From the following Balance Sheet of XYZ Ltd.  
prepare a statement of changes in working capital and fund flow statement :

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**(3)**

Assets	2019 (Rs.)	2020 (Rs.)
Land and Buildings	2,00,000	2,50,000
Plant & Machinery	1,50,000	1,80,000
Furniture and Fittings	1,00,000	70,000
Stock	75,000	60,000
Debtors	90,000	1,00,000
Cash	30,000	60,000
Short term Investments	20,000	15,000
	6,65,000	7,35,000
Capital & Liabilities		
Share capital	2,00,000	3,00,000
Profit & Loss Account	1,50,000	1,80,000
Creditors	15,000	55,000
8% Debentures	3,00,000	2,00,000
Total	6,65,000	7,35,000

**G-1838****P.T.O.****(4)****UNIT-III**

**Q. 3.** "Ratios are generally calculated from historical data of what use they are in assessing the firms future financial conditions." Comment.

**OR**

The following trading and profit and loss A/c of Fantasy Ltd. for the year 31-3-2022 is given below :

Particulars	Rs.	Particulars	Rs.
To Opening Stock	76,250	By Sales	5,00,000
To Purchases	3,15,250	Closing Stock	98,500
To Carriage & Freight	2,000		
To Wages	5,000		
To Gross Profit b/d	2,00,000		
	<u>5,98,500</u>		<u>5,98,500</u>

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**(5)**

To Administration Expenses	1,01,000	By Gross Profit b/d	2,00,000
To Selling & Distribution Expenses	12,000	By Non Operating Incomes :	
To Non Operating Expenses	2,000	By Interest on Securities	1,500
To Financial Expenses	7,000	By Dividend on Shares	3,750
Net Profit c/d	84,000	By Profit on Sales of Shares	750
	<u>2,06,000</u>		<u>2,06,000</u>

Calculate :

- (i) Gross profit ratio
- (ii) Expenses ratio
- (iii) Operating ration
- (iv) Net profit ratio
- (v) Operating (Net) profit ratio
- (vi) Stock turnover ratio

**(6)****UNIT-IV****Q. 4.** What is the concept of Working Capital Cycle ?

What is the importance of Working Capital Management ?

**OR**

What do you understand by Management of Inventories ? Explain the concept of account payable.

**UNIT-V****Q. 5.** How can you calculate accounting rate of return ?

What are its importance and limitations ?

**OR**

The following are the details related to two projects :

(7)

	Project X	Project Y
Cost of Project	16,00,000	2,00,000
Estimated Scrap	16,000	25,000
Estimated Saving :		
Year 1	20,000	40,000
Year 2	30,000	60,000
Year 3	50,000	60,000
Year 4	50,000	60,000
Year 5	40,000	30,000
Year 6	30,000	20,000
Year 7	10,000	—

Calculate pay back period and consider which project is better.