S.No. : 274

BBAS 2203

No. of Printed Pages : 05

Following Paper ID and Roll No. to be filled in your Answer Book.

PAPER ID : 28808	Roll No.										

BBA (LSCM) Examination 2021-22

(Even Semester)

FINANCIAL MANAGEMENT

Time : Three Hours] *[Maximum Marks : 60*

Note :– Attempt all questions.

SECTION – A

1. Attempt all parts of the following : 8×1=8

   (a) Discuss the two objectives of financial management.

   (b) Explain various functions of finance manager.

   (c) Why capital budgeting decisions are necessary for a business concern?

[P. T. O.

(d) Project cost is ₹ 30,000 and cash inflows are ₹ 10,000, the life of the project is 5 years. Calculate pay-back period.

(e) What is the relevance of cost of capital in decision making?

(f) What is gross working capital?

(g) What is optimum capital structure?

(h) Define financial leverage.

SECTION – B

2. Attempt any two parts of the following : 2×6=12

(a) What do you understand by short-term funds? Examine the short-term sources of supply of funds.

(b) Discuss the factors which will guide you in making capital investment decisions?

(c) Explain cash management. What are the main motives of holding cash?

(d) What do you understand by the term "Leverage"? Explain different type of leverages.

SECTION – C

Note :- Attempt all questions. Attempt any two parts from each questions. 5×8=40

3. (a) What do you understand by Financial Managment? Discuss its scope and importance.

   (b) What are the different type of preference share? Discuss merits and demerits of preference share.

   (c) What would you classify the functions of a finance manager?

4. (a) Define capital budgeting. Discuss its objectives and importance.

   (b) Describe the limitations of capital budgeting.

   (c) From the following information, calculate the net present value of the two projects and suggest which project should be accepted at a discount rate of the two :

Particulars	Project 'A'	Project 'B'
Initial Investment	₹ 20,000	₹ 30,000
Estimated Life	5 Years	5 Years

[P. T. O.

The profit before depreciation and after taxation (cash flows) are as follows :

	Project A	Project B
Year-1	5,000	20,000
Year-2	10,000	10,000
Year-3	10,000	5,000
Year-4	3,000	3,000
Year-5	2,000	2,000

Note : Following are the present value factors @ 10% per annum.

Year	1	2	3	4	5
Factor	0.909	0.826	0.751	0.683	0.621

5. (a) What is meant by 'cost of capital' for a firm and what relevance does it have in decision making?

(b) What do you understand by working capital? Discuss the need and importance of working capital.

(c) What factors would you take into account in estimating the working capital needs of a new concern.

6. (a) Explain the meaning of capitalisation. How would you estimate the capital requirements of a new promoted corporation?

(b) What do you understand by capital structure of a corporation? Describe the characteristics and utility of optimal capital structure.

(c) Sun company has sales of ₹ 25,00,000. Variable cost of ₹ 12,50,000 and fixed cost of ₹ 50,000 and debt of ₹ 12,50,000 @ 8% rate of interest. Calculate from the details given operating leverage and financial leverage.

⌘⌘⌘