

B.B.A. LL.B. (5 Year Degree Course) SEM-VI (2015 Course) :

SUMMER - 2019

SUBJECT : FINANCIAL MANAGEMENT

Day : Saturday
Date : 27/04/2019

S-2019-1547

Time : 02.00 PM TO 05.00 PM
Max. Marks : 60

N.B.:

- 1) All questions are **COMPULSORY**.
- 2) All questions carry **EQUAL** marks.
- 3) Use simple **CALCULATOR**.

Q.1 What is meant by Financial Management? Explain its nature and scope.

OR

A investment earns Cash flows of

Year 1 – Rs 1,50,000 Year 2 – Rs 2,00,000 Year 3 – Rs 2,50,000 Year 4 – Rs 1,20,000 and Year 5 – Rs 8,00,000

You are required to calculate the present values of the cash flows at each of the following discounting rates

- i) 10%
- ii) 12%
- ii) 8%
- iv) 15%

Q.2 State and explain the provisions regarding Dividend under Companies Act.

OR

ABC Industries is considering the purchase of one of the two manufacturing companies. The Financial Manager of the company has developed the following information about the two companies.

Operating Income Statements

Particulars	Company P	Company Q
	Rs.	Rs.
Sales Revenue	30,00,000	30,00,000
Less: Variable Cost		
(i) Cost of goods sold	9,00,000	18,00,000
(ii) Selling Expenses	1,50,000	1,50,000
Contribution	19,50,000	10,50,000
Less: Fixed Costs		
(i) Cost of goods sold	13,50,000	4,50,000
(ii) Selling Expenses	90,000	90,000
(iii) Administrative Expenses	90,000	1,50,000
(iv) Depreciation	1,20,000	90,000
EBIT	3,00,000	2,70,000
Less: Interest	50,000	40,000
EBT	2,50,000	2,30,000

You are required to assist the Financial Manager in the following computations:

- (i) Prepare Operating Income Statements for both the companies if sales increase by 20%. Assume that there is no change in fixed costs and interest due to increase in sales. Variable cost will increase by 20%.
- (ii) From the Operating Statements computed in (i) above calculate for both the companies Operating Leverage, Financial Leverage and Combined Leverage.

Q.3 Explain the various sources of Long Term Finance and their merits and demerits.

OR

P.T.O.

Cash Flows from two projects are given below. Cost of capital for both the projects is 10%. You are required to calculate for both the projects

- a) NPV b) IRR

Particulars	Project 1	Project 2
	Rs.	Rs.
Initial Investment	2,20,000	2,20,000
Cash Inflows:		
Year 1	62,000	1,42,000
Year 2	80,000	80,000
Year 3	1,00,000	80,000
Year 4	1,40,000	40,000

Q.4 Write short notes on:

- a) Meaning & Significance of Capital Budgeting
b) Cash Flow Statement

OR

From the following particulars prepare cash flow statement for the year ended 31 March 2015 using Direct Method

- i) Total sales for the year were Rs 98,49,000 out of which cash sales were Rs 65,86,000
- ii) Amount received from credit customers for goods sold Rs 33,23,400
- iii) Payments made to suppliers and employees was Rs 79,36,810
- iv) Rs 9,87,500 were paid by way of Income Tax
- v) Fully paid debentures of the face value of Rs 3,00,000 were redeemed at a premium of 2%
- vi) Interest on debentures paid is Rs 84,000
- vii) Furniture of Rs 18,500 was sold for Rs 11,100 and new Furniture of Rs 83,160 was purchased.
- viii) Dividend of Rs 4,50,000 was paid during the year.
- ix) Cash and Bank Balance on 31 March 2015 was Rs 1,80,000

Q.5 Explain the functions of CFO in Globalized Environment.

OR

From the following information prepare a statement showing changes in working capital and a Funds Flow Statement for the year ended 31 March 2016

Balance Sheet of Asian Steels Ltd.

Liabilities	As on 31/3/15	As on 31/3/16
Equity Share Capital	6,00,000	9,00,000
13% Preference Share Capital	2,00,000	-
Profit and Loss Account	75,000	1,10,000
12% Debentures	3,00,000	2,50,000
Bank Loan	1,00,000	75,000
Bills Payable	40,000	45,000
Trade Creditors	1,15,000	1,50,000
Outstanding Expenses	19,000	18,000
Provision for Taxation	85,000	95,000
	15,34,000	16,43,000
Assets	As on 31/3/15	As on 31/3/16
Furniture and Fittings	1,30,000	1,17,000
Motor Vans	80,000	1,54,000
Long Term Investments	2,60,000	3,00,000
Stock	8,00,000	8,29,000
Debtors	1,09,000	90,000
Cash at Bank	1,40,000	1,43,000
Preliminary Expenses	15,000	10,000
	15,34,000	16,43,000

Note: The Company does not provide depreciation on Motor Vans.

* * * *