

B.B.A. (2010 Course) Sem- III : SUMMER - 2019
SUBJECT: BASICS OF FINANCIAL MANAGEMENT

Day : Thursday
Date : 02/05/2019

S-2019-2008

Time: 02.00 PM TO 05.00 PM
Max. Marks: 70

N.B.:

- 1) **Q.No.1 is COMPULSORY.**
- 2) Attempt **ANY FOUR** questions from Q.No.2 to Q.No.7.
- 3) Use of simple **CALCULATOR** is allowed.
- 4) Figures to the right indicate **FULL** marks.

- Q.1** Define Financial Management. Elaborate its nature and scope in detail. [14]
- Q.2** Elaborate the various factors affecting working capital of the business. [14]
- Q.3** Explain the various factors to be considered while framing the capital structure of an organization. [14]
- Q.4** Differentiate between: [14]
a) Profit Maximization v/s Wealth Maximization
b) Equity Shares v/s Preference Shares
- Q.5** Write short notes on **ANY TWO** of the following: [14]
a) Debentures
b) Finance Function
c) Payback Period
d) Sources of Working Capital
- Q.6** Anuja Ltd., is considering investing in a project that is expected to cost ₹12,00,000 and has an effective life of 5 years. The projected cash inflows for this period are as follows: [14]

Year	Amount (₹)
1	3,00,000
2	3,00,000
3	4,50,000
4	4,50,000
5	7,50,000
Total	22,50,000

The present value factors at the end of each year are as follows:

At the end of first year - 0.909
At the end of second year - 0.826
At the end of third year - 0.751
At the end of fourth year - 0.683
At the end of fifth year - 0.621

Calculate: **i)** Payback period **ii)** Net Present Value @ 10% rate of discounts
iii) Profitability Index **iv)** Discounted payback period at 10% rate of discount.

- Q.7** From the following figures, calculate operating, financial and combined leverages of Aditya Ltd., and Amar Ltd. [14]

Particulars	Aditya Ltd	Amar Ltd
Selling price per unit	₹ 75	₹ 75
Profit volume ratio	40%	60%
Fixed costs	₹ 40,00,000	₹ 60,00,000
Capital structure :		
Equity capital	₹ 20,00,000	₹ 35,00,000
Term loan	₹ 15,00,000 at 18%	₹ 10,00,000 at 17%
Production capacity	2,00,000 units p.a.	3,50,000 units p.a.
Capacity utilization	90%	80%

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