

**CDOE**  
**BACHELOR OF BUSINESS ADMINISTRATION (CBCS-2019 COURSE)**  
**B.B.A. SEM - III : WINTER :- 2021**  
**SUBJECT: INTRODUCTION TO FINANCIAL MANAGEMENT**

**Day : Wednesday**  
**Date 16-02-2022**

**W-21922-2021**

**Time : 02:00 PM-05:00 PM**  
**Max. Marks: 60**

**N.B.**

- 1) Attempt **ANY THREE** questions from Section – I and **ANY TWO** questions from Section – II.
- 2) Figures to the **RIGHT** indicate **FULL** marks.
- 3) Answers to both the sections should be written in the **SAME** answerbook.

**SECTION – I**

- Q.1** Define “Financial Management.” Explain the role of Finance Manager in globalized environment. (10)
- Q.2** Define ‘Capital Budgeting’. Explain the techniques used for evaluation under Capital Budgeting. (10)
- Q.3** Define ‘Debenture’. Explain its types and merits. (10)
- Q.4** What is meant by ‘Dividend Policy’? State and explain the factors affecting Dividend Decision of an organisation. (10)
- Q.5** Write short notes on **ANY TWO** of the following. (10)
- a) Time Value of Money
  - b) Operating Cycle
  - c) Profit Maximization Objective

**SECTION – II**

- Q.6** The following figures relate to two companies: (15)

Particulars	P. Ltd. (Rs. in Lakhs)	Q. Ltd. (Rs. in Lakhs)
Sales	500	1,000
(–) Variable costs	200	300
Contribution	300	700
(–) Fixed costs	150	400
EBIT	150	300
(–) Interest	50	100
Profit Before Tax	100	200

You are required to calculate

- 1) Financial Leverage
- 2) Operating Leverage
- 3) Combined Leverage

- Q.7** ABC Ltd. sells its products on a gross profit of 20% on sales. The following information is extracted from its annual accounts for the year ended 31<sup>st</sup> March 2019: **(15)**

Particulars	Amount Rs.
Sales (3 months credit)	40,00,000
Raw materials	12,00,000
Wages (15 days in arrears)	9,60,000
Manufacturing expenses (one month in arrears)	12,00,000
Administration expenses (one month in arrears)	4,80,000
Sales promotion expenses (payable half yearly in advance)	2,00,000

The company enjoys one month's credit from supplier of raw materials and maintains 2 months stock of raw materials, one and a half months stock of finished goods. Cash balance is maintained at Rs. 1,00,000 as a precautionary balance. Assuming a 10% margin, find out the working capital requirements of ABC Ltd.

Cost of sales for computation of debtors and stock of finished goods may be taken at sales minus gross profit as per rate of gross profit given.

- Q.8** What do you mean by 'Capital Structure'? State and explain the factors to be considered while framing Capital Structure of an Organisation. **(15)**

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