

Roll No.

Balance Sheet
(as on 31st March, 2020 & 2021)

E-1924

B. B. A. (Fourth Semester) (Main/ATKT)
EXAMINATION, May-June, 2021

FINANCIAL MANAGEMENT

(119)

Time : Three Hours]

[Maximum Marks : 90

[Minimum Pass Marks : 32

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

Unit—I

1. What is Financial Management ? Discuss the nature and scope of Financial Management.

Or

Discuss the relationship of Financial Management and other area of Management.

Unit—II

2. Explain “External analysis depends almost entirely on published Financial Statement.”

Or

Convert the following Balance Sheet of Girish Kant Pvt. Ltd. into common-size of Balance Sheet and interpret the result :

Particulars	2020 (₹)	2021 (₹)
I. Equities and Liabilities :		
Shareholder's Funds :		
Equity share capital	1,00,000	1,60,000
Reserve and surplus	50,000	90,000
Non-current liabilities :		
Debentures	30,000	60,000
Current liabilities :		
Trade payables	45,000	40,000
Bank overdraft	15,000	10,000
	2,40,000	3,60,000
II. Assets :		
Non-current assets :		
Land and Building	75,000	1,50,000
Furniture	5,000	6,000
Other assets	20,000	34,000
Current assets :		
Trade receivables	40,000	50,000
Cash and Bank	20,000	10,000
Inventories	30,000	50,000
Investments	50,000	60,000
	2,40,000	3,60,000

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Unit—III

3.

	Particulars	Amount (₹)
I.	Equities and Liabilities :	
	Shareholder's Funds :	
	Equity Share Capital	5,00,000
	Non-current liabilities :	
	Debentures	1,00,000
Current liabilities :	Trade payables	50,000
		6,50,000
II.	Assets :	
	Non-current assets	4,50,000
	Current assets :	
	Trade receivables	70,000
	Cash and Bank	30,000
	Inventories	1,00,000
		6,50,000

Sale for the year amounted ₹ 8,00,000. Calculate the following ratios :

(a) Total Assets Turnover

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- (b) Fixed or non-current Assets Turnover
(c) Current Assets Turnover
(d) Working Capital Turnover

Or

What ratios would you use to measure :

- (i) Profitability
(ii) Liquidity
(iii) Solvency of concern ?

Give formulae for computing these ratios.

Unit—IV

4. What are the causes for changes in working capital forecasting ? How can these changes be shown ?

Or

What is working capital management ? Explain the types of working capital management.

Unit—V

5. "Capital budgeting in long-term planning for making and financing proposed capital outlays." Explain, what are the limitations of capital budgeting.

Or

A company is considering to purchase a machine. Two machines are available X and Y costing ₹ 50,000. Earning after taxation are expected to be as follows :

Year	Machine X (₹)	Machine Y (₹)
1	15,000	5,000
2	20,000	15,000
3	25,000	20,000
4	15,000	30,000
5	10,000	20,000

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Evaluate the two alternatives according to :

- (i) The payback method
- (ii) Return on Investment method
- (iii) Net present value method
- (iv) Discounting factor is 10% :

Present value factor for five years :

- (a) 0.909
- (b) 0.826
- (c) 0.751
- (d) 0.683
- (e) 0.621

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