

B.B.A. LL.B. (FIVE YEAR DEGREE COURSE) (CBCS - 2015 COURSE)
B.B.A. LL. B. Sem - VI : SUMMER : 2024
SUBJECT: FINANCIAL MANAGEMENT

Day : Thursday
Date : 25/04/2024

S-12551-2024

Time : 02:00 PM-04:30 PM
Max. Marks : 60

N.B.

- 1) All questions are **COMPULSORY**.
- 2) Figures to the **RIGHT** indicate **FULL** marks.
- 3) Use of non-programmable calculator is allowed.

Q.1 A) Explain the various Long Term Sources of Finance alongwith their merits and demerits. (12)

OR

- Q.1 B) i)** Amogh invests Rs. 25,000 in a scheme paying 12% p.a. interest for a period of 3 years. What will be the amount he receives on maturity if compounding is done (08)
- a) Quarterly
 - b) Monthly.
- ii)** Riya has an option to invest in two schemes: 7.5 % p.a. compounded quarterly or 9% p.a. compounded half-yearly. In which scheme should Riya invest? (04)

Q.2 A) Write short notes on : (12)

- i) Leverages
- ii) Factors affecting valuation of shares.

OR

Q.2 B) S Ltd. is considering purchasing a new machine costing Rs. 22,75,000 for a new product line. It is expected that the machine will generate sales of Rs. 45,00,000 p.a. and require material cost Rs. 8,50,000, labour cost Rs. 6,00,000 p.a. and other expenditure Rs. 2,75,000 p.a. The machine is expected to have a scrap value of Rs. 1,00,000 at the end of 5 years. The Company uses Straight Line Method of depreciation. The income tax rate is 45% & Cost of Capital is 11%. Advise the company on the purchase of the machine using Net Present Value (NPV) method. (12)

Q.3 A) Explain the meaning of Funds Flow Statement. Discuss its advantages and disadvantages. (12)

OR

Q.3 B) R Ltd. has given us the following information. You are required to prepare the income statement and find the Operating, Financial and Combined Leverages. (12)

Sales = Rs. 19,00,000 ; P/V Ratio is 45%; Fixed cost Rs. 3,20,000;
Net worth = Rs. 45,00,000. The interest rate is 12%. Equity value is 1.5 times the Debt. If the sales increase by 10% ; what will be Operating, Financial and Combined Leverages?

Q.4 A) Distinguish between Net Present Value Method and Internal Rate of Return. (12)

OR

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Q.4 B) 1) From the following information, calculate the Cashflow from Operating Activities. (08)

- i) Profit after tax is Rs. 32,000.
- ii) The above profit has been calculated after giving effects to Sales Rs. 2,20,000. Cost of materials consumed – Rs. 1,20,000; Employee benefit expenses – Rs. 30,000, Depreciation –Rs. 20,000 ; Insurance Premium – Rs. 8,000, Current year Provision of Tax- Rs. 10,000.
- iii) The Opening Balance of Provision for Taxation A/c is Rs. 3,000 and the Closing balance is Rs. 2,000.
- iv) Trade receivables - Opening Balance – Rs. 33,000 & Closing Balance – Rs. 36,000.
- v) Trade Payables - Opening Balance – Rs. 17,000 & Closing Balance – Rs. 15,000.
- vi) Inventory – Opening Balance – Rs. 22,000 & Closing balance – Rs. 27,000.
- vii) Outstanding expenses – Opening Balance- Rs. 2,000 & Closing Balance – Rs. 3,000.
- viii) Prepaid expenses – Opening Balance – Rs. 5,000 & Closing Balance is Rs. 5,500.
- ix) All sales are cash sales and all purchases are cash purchases.

2) Classify the following into the Operating, Investing and Financing activities as per Cashflow Statement. (04)

- i) Purchase of Shares of AB Ltd.
- ii) Tax on sale of Machinery
- iii) Payment of Agent Commission
- iv) Purchase of livestock.

Q.5 A) State and explain the provisions relating to 'Dividend' as per the Companies Act, 2013. (12)

OR

Q.5 B) Prepare a Fund Flow Statement of Tech. Ltd. for the year 31st March 2022. (12)

Adjustments :

- i) Net Profit before Tax and dividend is Rs. 63,000.
- ii) Provision for tax for current year is Rs. 23,000 and that of dividend is Rs. 15,000.
- iii) Depreciation for the current year is Rs. 80,000.
- iv) Bonus shares of Rs. 50,000 issued out of Share Premium.

Balance sheet

Liabilities	2021 (Rs.)	2022 (Rs.)	Assets	2021 (Rs.)	2022 (Rs.)
Share Capital	5,00,000	6,50,000	Goodwill	20,000	15,000
Share premium	50,000	-	Investments	1,50,000	2,00,000
Profit & Loss A/c	-	25,000	Fixed Assets	5,50,000	5,50,000
Debentures	2,00,000	-	Debtors	60,000	40,000
Bank Overdraft	80,000	1,00,000	Stock	1,20,000	80,000
Creditors	60,000	75,000	Cash	12,000	5,000
Proposed Dividend	10,000	15,000	Prepaid Expenses	8,000	-
Provision for Tax	20,000	25,000			
	9,20,000	8,90,000		9,20,000	8,90,000
