

**B.B.A. LL.B. (FIVE YEAR DEGREE COURSE) (CBCS - 2015 COURSE)**  
**B.B.A. LL. B. Sem - VI : SUMMER : 2025**  
**SUBJECT: FINANCIAL MANAGEMENT**

Day : Wednesday  
Date : 14/05/2025

**S-12551-2025**

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)** "The CFO of any Company plays a very important role in the company". (12)  
Elaborate.

**OR**

**Q.1 B)** OIL Ltd. is considering buying a new machine whose life is expected to be 6 years. The cost of the machine will be Rs. 9,25,200 with a scrap value of Rs. 80,200. 20% of the cost of machine will be paid in the 1<sup>st</sup> year. The machine is expected to produce from year 1 onwards 45,000 units p.a. of the product which is estimated to sell at Rs. 12 per unit. Direct costs would be Rs. 5 per unit and annual fixed cost including depreciation would be Rs. 63,500 p.a. The company uses Straight Line Method for depreciation calculation. There will be additional distribution expenses in Year 1 – Rs. 23,000, Year 2 – Rs. 20,000 and Year 3 – Rs. 22,000. Evaluate the project using Net present Value Method (NPV) assuming the Company's Cost of Capital to be 10% and tax rate to be 35%. (12)

**Q.2 A)** Write short notes on : (12)  
i) Profitability Index Method of Capital Budgeting  
ii) Valuation of Securities.

**OR**

**Q.2 B)** Calculate the leverages and prepare the Income Statement using the following information. (12)

Selling price per unit	Rs. 85
Variable cost per unit	Rs. 26
Fixed cost per unit	Rs. 15
Total capacity	1,00,000 units
Actual production	60%
Tax Rate	35%

Capital Structure :	Plan I (Rs.)	Plan II (Rs.)
Equity Capital (FV = Rs. 100)	30,00,000	15,00,000
18% Debentures	15,00,000	30,00,000

**Q.3 A)** From the following information prepare the Funds Flow Statement along with the required working notes. (12)

**Balance Sheet of P Ltd.**

Particulars	As on 31 <sup>st</sup> Mar. 2021	As on 31 <sup>st</sup> Mar. 2022
Fixed Assets at Cost	1,24,000	1,40,000
Additions during the year	16,000	34,000
Depreciation	50,000	72,000
WDV of Fixed Assets	90,000	1,02,000

PTO

Particulars	As on 31 <sup>st</sup> Mar. 2021	As on 31 <sup>st</sup> Mar. 2022
Investments	20,000	30,000
Stock	3,63,000	3,80,000
debtors	2,63,000	2,77,400
	<b>7,36,000</b>	<b>7,89,400</b>
Less : Current Liabilities		
Bank Overdraft	2,32,000	1,10,000
Trade Creditors	1,99,600	2,38,400
Proposed Dividends	32,000	48,000
	<b>2,72,400</b>	<b>3,93,000</b>
<b>Represented by -</b>		
Share Capital	1,50,000	2,00,000
General Reserve	52,000	76,000
Profit & Loss A/c	70,400	97,000
8% Debentures	-	20,000
	<b>2,72,400</b>	<b>3,93,000</b>

OR

Q.3 B) Explain with examples the Operating, Investing & Financing Activities of the Cashflow Statement. Also discuss the advantages & disadvantages of Cashflow Statement. (12)

Q.4 A) 'Money Value today is different from Money Value tomorrow.' Discuss. Also elaborate on the concept of Interest with reference to types of interest and reasons for charging interest. (12)

OR

Q.4 B) From the following information prepare the Cashflow Statement. (12)

**Cash & Bank A/c of R.S.Ltd.  
for the period ended 31<sup>st</sup> Mar. 2022**

Dr.			Cr		
Particulars	Cash (Rs.)	Bank (Rs.)	Particulars	Cash (Rs.)	Bank (Rs.)
To Balance b/d	1,25,000	2,00,000	By Purchases	85,000	3,75,000
To Sales	1,20,000	5,30,000	By Income Tax		52,000
To Commission Received		60,000	By Wages	10,000	25,000
To Dividend Received		25,000	By Salaries		1,75,000
To Interest Received		30,000	By Rent	5,000	15,000
To Equity Shares		80,000	By Dividend Paid		45,000
To Cash Dividend	5,000		By Interest Paid		12,000
To Subsidy		65,000	By Debentures Redeemed		1,00,000
To Horse Sold		75,000	By Premium on Debentures		6,000
			By Balance C/d	1,50,000	2,60,000
	<b>2,50,000</b>	<b>10,65,000</b>		<b>2,50,000</b>	<b>10,65,000</b>

**Q.5 A)** Discuss the concept of Dividend Policy. Elaborate on the factors affecting the determination of Dividend Policy. (12)

**OR**

**Q.5 B) i)** Your father gifts you a certain amount at the beginning of every year. He has decided to give you this amount for 5 years. You invest the amount received in a scheme paying 10% p.a. compounded annually as and when you receive the amount. If the value of the amount is Rs. 85,000; what is the amount that your father gives you every year? (06)

**ii)** Z plans to receive an annuity of Rs. 5,000 semi-annually for 10 years after he retires in 18 years. Money is worth 9 % p.a. compounded semi-annually. How much amount is required to finance the annuity? What amount of single deposit made now would provide the funds for the annuity? (06)

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