

FIVE YEAR B.B.A., LL.B. (HONOURS) DEGREE EXAMINATION, MAY 2023**Fifth Semester****FB 13—FINANCIAL MANAGEMENT**

(2019 Admissions—Regular/2018 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

Part A

*Answer any five questions.
Each question carries 3 marks.*

1. Define finance management.
2. What do you mean by inter firm comparison?
3. Discuss the collection policies with reference to receivables in a firm.
4. Distinguish briefly between profit and wealth maximization.
5. Describe internal short term sources of working capital.
6. Give any four factors affecting the level of cash with brief narrations.

(5 × 3 = 15 marks)

Part B

*Answer any three questions.
Each question carries 10 marks.*

7. Discuss the tools for analyzing financial statements.
8. How finance function in a firm is organized ? What are the responsibilities of financial manager in organizing the finance function ?
9. The following are the income statement of Eagle Ltd. for the year ended 2007 and 2008. Prepare a comparative income statement.

Particulars	2007 (Rs.)	2008 (Rs.)
Sales	10,00,000	15,00,000
Cost of goods sold	6,00,000	9,00,000
Salaries	80,000	1,00,000
Rent and rates	20,000	30,000
Selling expenses	20,000	25,000
Interest paid	10,000	15,000
Tax paid	70,000	1,10,000

Turn over

10. From the following information, prepare a statement of sources and applications of funds for the year 2020.

Particulars	Rs.
Increase in working capital	4,000
Net profit, before writing off Goodwill and charging dividend	10,750
Depreciation provided	1,750
Dividend paid	3,500
Goodwill written off out of profit	5,000
Share capital issued for cash	5,000
Machinery purchased for ready cash	10,000

(3 × 10 = 30 marks)

Part C

*Answer any two questions.
Each question carries 15 marks.*

11. What do you mean by capital structure ? When it be called optimum ? Also discuss factors to be considered while designing the capital structure.
12. Prepare a Balance Sheet with the help of the following ratio :

Particulars	Ratio
Total Assets/Net worth	3.5
Sales/Fixed Assets	6
Sales/Current Assets	8
Sales/Inventory	15
Sales/Debtors	18
Current ratio	2.5
Annual Sales	25,00,000

Hint : Total Assets = Fixed assets + Inventory + Debtors + Liquid assets which is 7, 29,167.

13. Following is the balance sheet of Wisben Ltd as on 31st March, 2012. Prepare a cash flow statement.

Particulars	Note No.	2012 (Rs.)	2011 (Rs.)
I EQUITY AND LIABILITIES			
1 Shareholders funds			
(a) Share capital		7,00,000	6,00,000
(b) Reserves and surplus :			
(Balance in statement of profit and loss)		2,00,000	1,10,000
2 Non-current liabilities :			
Long term borrowings		3,00,000	2,00,000
3 Current liabilities :			
Trade payables		30,000	25,000
Total		12,30,000	9,35,000
II ASSETS			
1 Non-current assets			
(a) Fixed Assets :			
Tangible Assets		11,00,000	8,00,000
2 Current Assets :			
(a) Inventories		70,000	60,000
(b) Trade receivables		32,000	40,000
(c) Cash and cash equivalents		28,000	35,000
Total		12,30,000	9,35,000

Additional Information :

During the year, a piece of machinery of the book value of Rs. 80,000 was sold for Rs. 65,000.

Depreciation provided on tangible assets during the year amounted to Rs. 2,00,000.

(2 × 15 = 30 marks)