

**TILAK MAHARASHTRA VIDYAPEETH, PUNE**  
**BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)**  
**EXAMINATION: MAY – 2025**  
**SEMESTER - VI**

**Sub.: Financial Management (BBA22-615FM)**

**Date : 24/05/2025**

**Total Marks : 60**

**Time: 10.00 am To 12.30 pm**

- Instructions:** 1) All questions are compulsory.  
 2) Figures to the right indicate full marks.

**Q. 1. Choose the most appropriate option. (05)**

1. Financial Management aims for \_\_\_\_\_  
 a) Wealth Maximization c) Increasing Operational Costs  
 b) Reducing Market Share d) None of the given
2. \_\_\_\_\_ is the primary objective of financial statement analysis.  
 a) To record transactions c) To calculate employee salaries  
 b) To assess a company's financial health and performance d) To increase production efficiency
3. 'Working Capital' means \_\_\_\_\_  
 a) The total profit of a company c) The amount invested in long-term assets  
 b) The funds available for daily business operations d) The total sales revenue of a company
4. What is capital structure?  
 a) The way a company organizes its workforce c) The amount of profit a company generates  
 b) The mix of debt and equity used to finance a company's operations d) The process of setting prices for products
5. \_\_\_\_\_ is termed as capital budgeting.  
 a) The process of short-term financial planning c) The preparation of an annual budget  
 b) The process of evaluating and selecting long-term investments d) Managing day-to-day working capital

**Q. 2. State True / False (05)**

1. Financial management involves planning, organizing, directing, and controlling financial resources.  
 a) True b) False
2. Employee Attendance Register is one of the financial statements used for analysis.  
 a) True b) False
3. Short Term Assets are a part of working capital.  
 a) True b) False
4. Cost of capital refers to the minimum return required by investors.  
 a) True b) False
5. Full form of NPV is Net Present Value.  
 a) True b) False

**Q. 3. Write Short notes on (Any Three) (15)**

1. Payback Period
2. Net Present Value
3. Importance of financial management in a business
4. Common Size Statements
5. Cash Flow Statement

**Q. 4. Answer in detail (Any Two)****(20)**

1. Compare profit maximization and wealth maximization as financial management objectives.
2. Explain the various techniques of financial statement analysis.
3. The following are the sales figures of ABC Ltd. for the last four years:

| Year               | 2020 | 2021 | 2022 | 2023 |
|--------------------|------|------|------|------|
| Sales (₹ in lakhs) | 100  | 120  | 150  | 180  |

Calculate the trend percentages, taking the year 2020 as the base year, and interpret the trend in sales.

4. ABC Ltd. has the following capital structure:
  - a) Equity Share Capital: ₹6,00,000 (Cost of Equity = 12%)
  - b) Preference Share Capital: ₹2,00,000 (Cost of Preference Shares = 10%)
  - c) Debentures: ₹2,00,000 (Cost of Debt after tax = 7%)Calculate the Weighted Average Cost of Capital (WACC) of ABC Ltd. using book value weights.

- Q. 5.** Smart Solutions Ltd., a mid-sized technology firm, is evaluating a new investment opportunity. The management is considering the launch of a new product line, which would require an initial capital outlay of ₹1,00,000. The project is expected to generate the following cash inflows over a 4-year period: **(15)**

| Year            | 1      | 2      | 3      | 4      |
|-----------------|--------|--------|--------|--------|
| Cash Inflow (₹) | 30,000 | 40,000 | 30,000 | 20,000 |

The company's finance team has determined that the appropriate cost of capital for this project is 10%. Based on this, the following present value (PV) factors at 10% have been provided:

| Year            | 1      | 2     | 3     | 4     |
|-----------------|--------|-------|-------|-------|
| Cash Inflow (₹) | 0.0909 | 0.826 | 0.751 | 0.683 |

As a financial analyst at Smart Solutions Ltd., you are asked to:

1. Calculate the Net Present Value (NPV) of the project.
2. Advise management on whether the project should be undertaken based on the NPV criterion.