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# BRAINWARE UNIVERSITY



**Term End Examination 2025-2026**
**Programme – BBA(HM)-Hons-2024**
**Course Name – Financial Management**
**Course Code - BHM30203**
**( Semester III )**

**Full Marks : 60** **Time : 2:30 Hours**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

## Group-A

(Multiple Choice Type Question) 1 x 15=15

1. *Choose the correct alternative from the following :*

(i) Describe the primary objective of financial management.
a) To maximize employee satisfaction
b) To minimize production costs
c) To maximize shareholder wealth
d) To increase market share

(ii) Identify the main goal of a for-profit business.
a) Social responsibility
b) Environmental sustainability
c) Profit maximization
d) Employee welfare

(iii) Describe the role of a financial manager.
a) To supervise production processes
b) To make decisions about the acquisition and use of funds
c) To manage sales teams
d) To conduct market research

(iv) Describe a short-term financial goal.
a) Saving for retirement
b) Buying a house in 10 years
c) Saving for a down payment on a car next year
d) Planning for a child college education

(v) Describe a limitation of profit maximization.
a) It considers long-term risks
b) It ignores the time value of money
c) It focuses on shareholder value
d) It encourages sustainable practices

(vi) State a reason why wealth maximization is preferred over profit maximization.
a) It is easier to calculate
b) It considers the time value of money and risk
c) It focuses only on short-term gains
d) It ignores market conditions

(vii) Identify a factor that wealth maximization takes into account, unlike profit maximization.
a) Current sales volume
b) Historical costs
c) Risk
d) Daily operational expenses

(viii) Identify a potential drawback of focusing solely on profit maximization.

a) It encourages long-term growth
b) It may lead to unethical practices
c) It enhances shareholder value
d) It promotes financial stability

(ix) Identify the financial function responsible for ensuring liquidity.

a) Investment function
b) Financing function
c) Working capital management
d) Dividend function

(x) Identify a common step in the financial planning process.

a) Choosing a new hobby
b) Setting financial goals
c) Learning a new language
d) Buying a new car

(xi) Identify the main purpose of financial forecasting.

a) To predict the weather
b) To estimate future financial performance
c) To analyze past events
d) To manage human resources

(xii) Define working capital.

a) Long-term assets of a company
b) The difference between current assets and current liabilities
c) The total debt of a company
d) The total equity of a company

(xiii) Identify a method for evaluating investment projects.

a) Employee satisfaction surveys
b) Net Present Value (NPV)
c) Social media marketing
d) Supply chain optimization

(xiv) Describe the role of insurance in financial planning.

a) To guarantee investment returns
b) To protect against financial losses from unforeseen events
c) To increase debt
d) To eliminate the need for savings

(xv) State the purpose of a financial statement analysis.

a) To create new products
b) To evaluate a company financial performance and health
c) To manage social media
d) To design advertising campaigns

## Group-B

(Short Answer Type Questions) 3 x 5=15

2. Calculate the amount of working capital of Tojo Ltd. based on the following particulars for the year ended 31.03.2024. Current assets: Cash Rs. 2300, Bank Balance Rs. 6500, Inventories Rs. 36000, Debtors Rs. 21300. Current Liabilities: Bank Overdraft Rs. 2100, Creditors Rs. 10000, Bills Payable Rs. 7800. (3)
3. Calculate and illustrate the current ratio of Arvind Ltd. from the following data extracted from its balance sheet for the year ended 31st March 2024: Cash in hand: Rs. 18,000 Cash at bank: Rs. 62,000 Trade Debtors: Rs. 1,45,000 Bills Receivable: Rs. 85,000 Inventories: Rs. 2,10,000 Prepaid Expenses: Rs. 20,000 Trade Creditors: Rs. 1,35,000 Bills Payable: Rs. 90,000 Bank Overdraft: Rs. 50,000 Outstanding Wages: Rs. 25,000 (3)
4. Illustrate the Profit-Volume (P/V) Ratio and Margin of Safety (MOS) using the following scenario: A company has reported: Total Sales: ₹10,00,000 Total Variable Cost: ₹6,00,000 Fixed Cost: ₹2,50,000 Calculate the P/V Ratio, Break-Even Sales, and Margin of Safety. (3)
5. A manufacturing firm presents the following figures: Total Sales = ₹8,00,000 Total Variable Cost = ₹5,20,000 Fixed Cost = ₹1,80,000 Calculate the P/V Ratio, Break-Even Sales, and Margin of Safety. (3)
6. Differentiate between financial planning and financial functions. (3)

**OR**

Discriminate between Profit maximization and wealth maximization. (3)

## Group-C

(Long Answer Type Questions) 5 x 6=30

7. Define the objectives of financial management (5)
8. Calculate the payback period for ABC Pvt. Ltd., which invests ₹1,00,000 in new machinery on 1st April 2025. The project generates annual cash inflows of ₹25,000 for 5 years starting from FY 2025-26. (5)
9. Summarize the concept of angel of incidence. (5)
10. Illustrate the calculation of Working Capital from the following details of AYR Ltd. as on 31st March 2024: The company's current assets are as follows: Cash in hand: ₹15,000 Cash at bank: ₹40,000 Inventory: ₹85,000 Sundry Debtors: ₹70,000 Bills Receivable: ₹30,000 Prepaid Insurance: ₹10,000 Accrued Income: ₹12,000 Short-term Investment: ₹50,000 The current liabilities are given below: Sundry Creditors: ₹60,000 Bills Payable: ₹25,000 Outstanding Wages: ₹8,000 Provision for Tax: ₹15,000 Bank Overdraft: ₹20,000 Accrued Expenses: ₹6,000 Advance from Customers: ₹10,000 Outstanding Salaries: ₹12,000 (5)
11. Illustrate the core concept of liquidity ratio along with its importance in financial management. (5)
12. Summarize the concept of Average Rate of Return. (5)

**OR**

Assess the significance of Net Present Value. (5)

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