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**B.A. IN APPAREL DESIGN AND
MERCHANDISING (BAADM)**

Term-End Examination

December, 2011

**BFM-048 : PRINCIPLES OF ACCOUNTANCY AND
FINANCIAL MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

Note : Answer any five questions. All questions carry equal marks. (20 each).

1. Define cost of capital ? What are the three basic aspects of concept of cost. 20
2. What do you understand by Leverage ? Define Operating Leverage and Financial Leverage. 20
3. Define Working Capital. What is the importance of adequate working capital for a firm ? 20
4. How marginal Analysis helps in business ? Give the procedure for using marginal analysis. 20

5. Answer *any four* questions. (All questions carry *five* marks each) 4x5=20
- (a) Why 'Debt' is used as leverage during Inflation ? 5
 - (b) Define 'Business Risk'. 5
 - (c) What is 'Financial Risk' ? 5
 - (d) What are the factors considered by a Bank while financing a firm ? 5
 - (e) Explain the '5 Cs' of Credit. 5
 - (f) What can be the initial sources of financing at the start of a business ? 5
6. Answer *any four* questions : (All carry equal marks that is *five* each). 4x5=20
- (a) What do you mean by "Venture Capitalist" and what is their role in the business ? 5
 - (b) What are different sources of Personal capital for small firms ? 5
 - (c) List sources of funds under 'Equity' and 'Debt'. 5
 - (d) What are the results of 'High Equity' and 'Low Debt' financing ? 5
 - (e) What is the importance of "Net working Capital" ? 5
7. What do you mean by "Long Term" loan and "short term loan" ? What are the documents asked by the bank to give a loan to a firm ? 20
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