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BBABMCN 404

**Fourth Semester B.B.A. Degree Examination, July/August 2023
(NEP 2020) (2022 – 23 Batch Onwards)
FINANCIAL MANAGEMENT (DSCC)**

Time : 2 Hours

Max. Marks : 60

Instruction : Show working notes wherever necessary.

SECTION – A

(2 Marks each)

Answer **any five** questions.

(5×2=10)

1. What is meant by working capital ?
2. What is investment decisions ?
3. What is doubling period ?
4. What is Internal Rate of Return ?
5. State any four sources of long term finance.
6. What is bonus share ?
7. What is time value of money ?

SECTION – B

(5 Marks each)

Answer **any four** questions.

(4×5=20)

8. A debenture of Rs. 1,500 carries an interest of 10% p.a. It will mature after 5 years. The required rate of return is 10%. Calculate the value of debenture.
9. A project which requires an investment of Rs. 1,00,000 and is expected to generate net cash flows as under :

Year	Cash flow (₹)
1	20,000
2	24,000
3	36,000
4	50,000
5	16,000
6	8,000

P.T.O.



The cost of capital of the company is 10%. Following are the present value factors at 10%.

Year	1	2	3	4	5	6
P.V. Factor at 10%	0.909	0.826	0.751	0.683	0.621	0.564

Determine :

- a) Net Present Value
 - b) Profitability Index.
10. Blue Bird Ltd., presents the following details from which you are required to calculate EBIT and EPS :
- Utilised capacity – 10,000 units
 Selling price – Rs. 200 per unit
 Variable cost – Rs. 60 per unit
 Fixed cost – Rs. 3,00,000
 Interest on loan – Rs. 1,00,000
 Tax rate – 50%
 No. of equity shares – 2000.
11. What are the factors influencing capital structure of a firm ?
12. Explain the different types of dividend.
13. Explain the types of working capital.
14. Explain the modern role of a financial manager of a company.

SECTION – C

(10 Marks each)

Answer **any three** questions.

(3×10=30)

15. What are the factors determining the working capital requirement of a firm ?
16. What is financial planning ? Explain the steps in financial planning.



17. A proforma cost sheet of a company provides the following :

Elements of Cost	Value as a % of selling price
Material	50%
Direct Labour	10%
Overhead	10%

The following particulars are provided :

- 1) It is proposed to maintain a level of activity at 10,000 units.
- 2) Selling price is Rs. 100 per unit.
- 3) Raw materials are expected to be in the stores for an average of 2 months.
- 4) Materials will be in process on an average of 1 month.
- 5) Finished goods are expected to be in stores for an average of 2 months.
- 6) Credit allowed to debtors is 3 months (Calculated on the basis of cost of sales.)
- 7) Credit allowed by suppliers is 2 months.

Calculate the working capital requirements.

18. Calculate the operating leverage, financial leverage and combined leverage from the following data under financial plans A and B.

Actual production and sales – 40,000 units

Selling price – Rs. 50/ unit

Variable cost – Rs. 25/ unit

Fixed cost – Rs. 2,00,000

	Financial Plans	
	A	B
Equity capital	₹ 10,00,000	₹ 15,00,000
Debt	₹ 10,00,000	₹ 5,00,000
Cost of debt	20%	20%



19. A company is considering an investment proposal to purchase a machine costing Rs. 2,00,000. The machine has expected life of 5 years. The firm uses a straight line method of depreciation. The estimated cash in flows after tax are as follows :

Year	Cash flows after tax (₹)
1	20,000
2	80,000
3	1,20,000
4	1,20,000
5	40,000

Calculate :

- 1) Average rate of return.
- 2) Net present value at 10%.
- 3) Pay back period.

Note :

PV Factor of Re. 1 at 10%.

Year	1	2	3	4	5
PV Factor	0.909	0.826	0.751	0.683	0.621