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IV Semester B.B.A. Degree Examination September - 2023

**BUSINESS ADMINISTRATION**

**Financial Management**

**Paper : 4.3**

**(CBCS NEP Scheme)**

**Time : 2½ Hours**

**Maximum Marks : 60**

**Instructions to Candidates :**

**Answer all the questions, in English only.**

**SECTION - A**

**Answer any FIVE of the following questions. Each question carries 2 marks.**

**(5×2=10)**

1. a) Give the meaning of finance.  
b) What is wealth maximisation?  
c) Calculate the price of an equity share given Earnings per share is Rs. 20, and equity capitalization Rate is 20%.  
d) List out the types of Dividends.  
e) Expand PBT and EAT.  
f) What is capital Budgeting?  
g) What items constitute current liabilities?

**SECTION - B**

**Answer any FOUR of the following questions. Each question carries 5 marks.**

**(4×5=20)**

2. List out the factors influencing sound financial plan.
3. Mr. A Deposits Rs 10, 000 at the end of every year for 4 years and the deposit earns a compound interest of 10% p.a. Determine how much money he will have at the end of 4 years? Given  $(1.10)^4 = 4.641$ .

**[P.T.O.]**

4. Calculate the three types of leverages from the following information.

Selling price per unit	Rs.	10
Variable cost per unit	Rs.	5
Fixed cost	Rs.	1,20,000
10% Debt	Rs.	3,00,000
No. of units sold		90,000

5. Explain the significance of capital budgeting.

6. Prepare an estimate of working capital requirement from the information of a trading concern

- Projected annual sales 50,000 units.
- Selling price Rs. 16 Per unit.
- Net profit percentage on sales 25%
- Average credit period allowed to customers 8 weeks.
- Average credit period allowed by suppliers - 4 weeks.
- Average stock holding in terms of sales requirement 12 weeks.
- Allow 10% for contingencies.

### SECTION - C

Answer any TWO of the following questions. Each question carries 12 marks.

(2×12=24)

7. A private company has EBIT of Rs. 4,80,000 and its capital structure consists of the following.

Equity share capital (Rs. 100 each )

	Rs.	4,00,000
12% Preference shares	Rs.	6,00,000
14.5% Debentures	Rs.	10,00,000

The company is facing fluctuations in its sales. What would be the change in EPS if:

- EBIT increases by 25%
- EBIT decreases by 20%.

Assume Taxrate to be 35%.



8. Explain the Determinants of working capital.
9. A company is considering purchase of a new machine costing Rs. 4,00,000 the cash inflows are expected as:

Year	Machine A Rs.	Machine B Rs.	Presentvalue of Re1 at 10% Discount Rate
1	40,000	1,20,000	0.91
2	1,20,000	1,60,000	0.83
3	1,60,000	2,00,000	0.75
4	2,40,000	1,20,000	0.68
5	1,60,000	80,000	0.62

Which machine to be selected using NPV criterion?

#### SECTION -D

Answer any ONE question which carries 6 marks.

(1×6=6)

10. Show the information on various types of bonds offered by government.
11. Prepare working capital statement using imaginary values.
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