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CB – 403

**IV Semester B.B.A. Examination, August/September 2023
(Repeaters) (CBCS) (2015-16 and Onwards)
BUSINESS ADMINISTRATION
Paper – 4.4 : Financial Management**

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be completely written in **English** only.

SECTION – A

1. Answer **any five** sub-questions of the following. **Each** question carries **two** marks : **(5×2=10)**
- What is time value of money ?
 - Define financial management.
 - State any two objectives of working capital.
 - Sales is ₹ 1,00,000, profit is ₹ 20,000 fixed cost is ₹ 40,000 calculate contribution.
 - What is combined leverage ?
 - State any two roles of a financial manager.
 - What is inventory management ?



SECTION – B

- Answer **any three** questions of the following. **Each** question carries **six** marks : **(3×6=18)**
- Explain briefly the principles of governing financial plan.
 - What is dividend ? Explain the forms of dividend.
 - State advantages of accounting rate of return method of capital budgeting evaluation.

P.T.O.



5. Following information is taken from the records of A Ltd., and B Ltd.

	A ₹	B ₹
Sales	20,000	3,00,000
Variable cost	40% of sales	30% of sales
Fixed cost	50,000	70,000
Interest	10,000	12,500

Calculate :

- Operating leverage.
 - Financial leverage.
6. Mr. Manu deposits ₹ 8,000 at the end of every year for 5 years and the deposits earn a compound interest at 10% p.a. Determine how much money he will have at the end of five years ?
Given $(1.10)^5 = 6.105$.

SECTION - C

Answer **any three** questions from the following. **Each** question carries **14** marks : **(3×14=42)**

- Explain the functions of finance manager.
- Give the meaning of working capital. Explain the evils of excess or inadequate working capital.
- What is dividend policy ? Explain the factors determining dividend policy.
- Ms. Maha company has EBIT of ₹ 5,00,000 and its capital structure consists of the following securities.

	₹
Equity share capital (₹ 10 each)	4,00,000
12% preference share (₹ 100 each)	5,00,000
14.5% debenture	8,00,000

Following the sales fluctuation what would be the EPS.



- a) If EBIT of the company increase by 15%.
- b) If EBIT of the company decrease by 15%. The company tax is 35%.

11. A firm's cost of capital is 12%. It is considering two mutually exclusive projects A and B, the details are given below.

Particulars	Project A ₹	Project B ₹
Investments	4,50,000	4,50,000
Net cash flow		
Years		
1	60,000	1,60,000
2	1,20,000	1,60,000
3	1,80,000	1,20,000
4	2,70,000	60,000
5	3,60,000	60,000

Evaluate the proposal under.

- a) Pay back period.
- b) Net present value.

P.V factor at 12% for 5 years

Year	1	2	3	4	5
P.V factor @ 12%	0.893	0.797	0.712	0.636	0.567
