

Roll No: _____

Date: ___/___/___

St. Claret College

Autonomous, Bengaluru

UG END SEMESTER EXAMINATION-NOV 2025
BACHELOR OF BUSINESS ADMINISTRATION III SEMESTER
BM3225: FINANCIAL MANAGEMENT



TIME: 3 hours.

MAX. MARKS: 80

This paper contains 3 printed pages and 4 parts

Instructions:

1. Verify and ensure that the question paper is completely printed.
2. Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.
3. Students must check the course title and course code before answering the questions.

PART-A

Answer ALL questions. Each answer carries ONE mark.

[1 x 10 = 10]

1. Which of the following is **not** a function of financial management?
a) Investment Decision b) Recruitment Decision c) Dividend Decisions d) Financing Decisions
2. Which of the following is a short-term source of finance?
a) Equity Shares b) Preference Shares c) Bank Overdraft d) Debentures.
3. Which of the following techniques is used to find the present value of future cash flows?
a) Capital budgeting b) Discounting c) Retained earnings d) Bank loan.
4. Which of the following represent non-cash expense?
a) Rent b) Salaries c) Depreciation d) Interest.
5. According to the Rule of 69, if the rate of interest is 10%, the money will double approximately
a) 4 years b) 5 years c) 6.9 years d) 12 years
6. Who is responsible for making major financial decisions in a company?
a) Marketing Manager b) HR Manager c) Finance Manager d) Production Manager
7. EBIT-EPS analysis helps to determine
a) Dividend payout b) Impact on earnings per share c) Debt d) Project Life.
8. NPV stands for
a) Net Present Value b) Net Payback Value c) Nominal value d) None of the Above.
9. Current assets minus current liabilities is equal to
a) Fixed Capital b) Working capital c) Mixed Capital d) Dividend policy.
10. Working Capital Cycle is also known as
a) Financial cycle b) Operating cycle c) Production Cycle d) Deep cycle

PART-B

Answer any Three questions. Each answer carries Eight marks.

[8x 3= 24]

11. Explain the factors affecting financial planning.
12. Calculate the present value of Cash inflows at the end of 4 years where rate of return is 10% from the following details.
 - a) At the end of 1st year 2000
 - b) At the end of 2nd year 4000
 - c) At the end of 3rd year 6000
 - d) At the end of 4th year 8000
13. Sales Rs 10,00,000. Variable cost 40% of sales. Fixed Cost Rs 1,00,000. Interest on loan Rs 60000. Tax rate is 50%. Calculate Earnings after Tax, Operating, Financial and Combined leverage.
14. Explain the assumptions of Walters model.
15. Explain the factors affecting Working Capital requirements.

PART-C

Answer any Three questions. Each answer carries 12 marks.

[12 x 3 = 36]

16. What is the role of a finance manager? Explain in detail.
17. U2 is considering the purchase of a Machinery which requires an investment of Rs 5,00,000. Two Machines S and T require the same amount to be invested. Use Net Present Value method to determine which Machine the company should invest if the PV factor is 10%.

| Year | MACHINE S (Cash Inflow Rs.) | MACHINE T(Cash Inflow Rs.) |
|------|-----------------------------|----------------------------|
| 1 | 1,50,000 | 50,000 |
| 2 | 2,00,000 | 1,50,000 |
| 3 | 2,50,000 | 2,00,000 |
| 4 | 1,50,000 | 3,00,000 |

18. Gemstone Ltd desires to raise a capital of Rs 20,00,000 at Rs 100 per share. There are two possible plans available for them to raise the capital which are listed below,
 - a) Entire capital raised through equity shares.
 - b) Rs 5,00,000 in equity shares and remaining rs 5,00,000 in debenture carrying 10% interest. Calculate EPS for the above plans and the percentage change in EBIT.

19. What are the factors influencing Capital Structure?
20. Calculate the working capital requirement from the following information

| Particulars | Amount (Rs.) |
|---|--------------|
| Amount blocked up in Stocks | |
| Stock of finished goods | 12,000 |
| Stock of stores ,materials | 20,000 |
| Average Credit Sales | |
| Inland Sales 8 weeks credit | 6,00,000 |
| Export Sale 2 weeks credit | 1,60,000 |
| Lag in payment of wages and other outgoings | |
| Wages 2 weeks | 5,00,000 |
| Stock of Materials 2 months | 1,00,000 |
| Rent,Royalties 6 months | 20,000 |
| Clerical Staff 1 month | 10,000 |
| Miscellaneous Expenses 2months | 1,00,000 |
| Payment in Advance | |
| Sundry Expenses (paid Quarterly) | 20,000 |

PART-D

Answer the following question. This answer carries Ten marks.

[10 x 1 = 10]

21. Maruti Suzuki India Ltd., the country's leading automobile manufacturer, experienced a financial and operational slowdown in the late 1990s. Rising competition, increasing production costs, and inefficient financial control mechanisms were affecting profitability. The management realized that without strong financial restructuring and control, the company's leadership position in the Indian market could be at risk.