

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)**

**(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)  
Chromepet, Chennai — 600 044.**

**BBA END SEMESTER EXAMINATIONS NOVEMBER-2022**

**SEMESTER - V**

**20UBACT5013 - FINANCIAL MANAGEMENT**

**Total Duration : 2 Hrs 30 Mins.**

**Total Marks : 60**

**Section A**

Answer any **SIX** questions ( $6 \times 5 = 30$  Marks)

1. Define the scope of Financial Management. What role should the financial manager play in a modern enterprise?
2. X Ltd. issues Rs.50,000 8% debenture. The tax rate applicable is 50%. Compute the cost of debt capital, if debentures are issued (i) at par (ii) at Premium of 10% (iii) at discount of 10%.
3. Enumerate the importance of Capital Budgeting.
4. Enlist the types of Dividend Policy and the various forms of Dividend.
5. Calculate Gross working capital and Net Working capital from the following information. Cash Rs.5,000, Debtors Rs.1,00,000, Stock Rs.5,00,000, and Creditors Rs.50,000.
6. A company has sales of Rs.5,00,000, Variable cost of Rs.3,00,000, fixed cost of Rs.1,00,000 and long term loans of Rs.4,00,000 at 10% rate of interest. Calculate composite leverage.
7. A project of Rs.20,00,000 yielded annually a profit of Rs.3,00,000 after depreciation @12.5% and is subject to income tax @ 50%. Calculate pay-back period.
8. A manufacturing company has an expected usage of 50,000 units of certain product during the next year. The cost of processing an order is Rs.20 and the carrying cost per unit is Re.0.50 for one year. Lead time on an order is five days and the company will keep a reserve supply of two days' usage. You are required to calculate (a) the economic order quantity and (b) the reorder point. (Assume 250-days a year).

**Section B**

Answer any **THREE** questions ( $3 \times 10 = 30$  Marks)

9. Discuss in detail about the factors determining the Capital Structure of a firm/company.
10. Explain various tools and techniques of inventory management.

**Contd...**

11. Consider the following proposal investment with the indicated cash inflows. (Amount Rs.in Crores)

Investment	Initial outlay(Rs.)	Year-end Cash Inflows (Rs.)		
		Year 1	Year 2	Year 3
A	200	200	Nil	Nil
B	200	100	100	100
C	200	20	100	300
D	200	200	20	20
E	200	140	60	100
F	200	160	160	80

Rank the investment using net present value (NPV) using a discount rate of 10% and state your views. (Discount factor @ 10% for Yr 1 - 0.909, Yr 2 - 0.826, Yr 3- 0.751, Yr 4 - 0.683, Yr 5 - 0.621).

12. The following information is available in respect of ABC Ltd.,

Capitalization Rate = 10%

Earnings per share = Rs.50

Assumed rate of return on investment:

- i) 12%
- ii) 8%
- iii) 10%

Show the effect of dividend policy on market price of shares applying Walter's Model when dividend pay-out ratio is i) 0% ii) 40% iii) 100%

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

Projected annual sales Rs.6,50,000.

Percentage of net profit on sales 25%.

Average credit period allowed to debtors 10 Weeks.

Average credit period allowed by creditors 4 Weeks.

Average stock holding in terms of sales requirements 8 Weeks.

Allow 20% for contingencies.

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