

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.

B.B.A. END SEMESTER EXAMINATIONS NOVEMBER -2023

SEMESTER - V

20UBACT5013 - Financial Management

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

Section B

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

1. Explain the objectives of Financial Management.
2. What is the significance of financial leverage?
3. A project costs Rs.5,00,000 and yields annually a profit of Rs.80,000. After depreciation at 12% but before tax 50%. Calculate payback period.
4. Explain Internal rate of return method of evaluating capital Projects.
5. Discuss the importance of working capital.
6. Write a short note on stable dividend policy.
7. Explain the various techniques of inventory control.
8. From the following information determine the EOQ : Annual Consumption 90,000 units
Cost per unit Rs.50
Buying cost per order Rs.10
Cost of Carrying inventory 10% of cost

Section C

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

9. What is meant by capital structure? What are the major determinates of capital structure?
10. An investment of Rs.10,000. (having scrap value of Rs.500) yields the following returns:

| Year | 1 | 2 | 3 | 4 | 5 |
|------|-------|-------|-------|-------|-------|
| CFAT | 4,000 | 4,000 | 3,000 | 3,000 | 2,500 |

The cost of capital is 10%. Is the investment desirable? Discuss it according to NPV method assuming the P.V factor for 1st, 2nd, 3rd, 4th and 5th year - 0.909; 0.826; 0.751; 0.683; and 0.620 respectively.

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11. From the following information relating to Perara Ltd., Calculate (a) Operating cycles (b) No. of operating cycles in a year assuming a 360 days year, and (c) Average working capital required, if annual cash operating expenses are Rs.150 lakhs.

| | |
|--------------------------------|------------|
| Raw materials | : 2 Months |
| Work in progress | : 15 days |
| Finished goods | : 1 Month |
| Average debt collection period | : 2 Months |
| Average payment period | : 45 days |

12. Explain the different types of dividend policy.

13. A manufacturer has to supply his customer 600 units of his product per year. Storage is not allowed and the inventory carrying cost amounts to Re.0.60 per unit a year. The set up cost per run is Rs.80. Find out:
(a) EOQ (b) The optimum number of orders per year (c) the optimum period of supply per optimum order (d) The minimum average yearly inventory cost.

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