

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 - NOV'2024

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. Describe the Function of financial management.
2. Interpret the Factors influencing capital structure.
3. The Delta company is planning to purchase a machine known as machine X. Machine X would cost Rs.25,000 and would have a useful life of 10 years with zero salvage value. The expected annual cash inflow of the machine is Rs.10,000.
4. The management of Health Supplement Inc. wants to reduce its labor cost by installing a new machine. Two types of machines are available in the market – machine X and machine Y. Machine X would cost Rs.18,000 where as machine Y would cost Rs.15,000. Both the machines can reduce annual labor cost by Rs.3,000.
5. Hi-tech Ltd., plans to sell 30,000 units next year. The expected cost of goods sold is as follows:

	Rs. (Per Unit)
Raw material	100
Manufacturing expenses	30
Selling, administration and financial expenses	20
Selling price	200

The duration at various stages of the operating cycle is expected to be as follows:

Raw material stage 2 months

Work-in-progress stage 1 month

Finished stage 1/2 month

Debtors stage 1 month

Assuming the monthly sales level of 2,500 units, estimate the gross working capital requirement. Desired cash balance is 5% of the gross working capital requirement, and working- progress in 25% complete with respect to manufacturing expenses.

6. List out the Importance of dividend decision.

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7. Illustrate the Determinants of dividend policy.
8. From the following calculate
 - (i) Re-ordering Level and
 - (ii) Minimum Level

Minimum usage	100 units per week
Normal usage	200 units per week
Maximum usage	300 units per week
Re-order period	4 to 6 weeks

Section C

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

9. Interpret the objectives and scope of financial management.
10. An investment of \$200,000 is expected to generate the following cash inflows in six years: Year 1: Rs.70,000 Year 2: Rs.60,000 Year 3: Rs.55,000 Year 4: Rs.40,000 Year 5: Rs.30,000 Year 6: Rs.25,000 Compute payback period of the investment. Should the investment be made if management wants to recover the initial investment in 3 years or less?
11. JBC Ltd. sells goods on a gross profit of 25%. Depreciation is considered as a part of cost of production. The following are the annual figures given to you :

Sales (2 months credit)	Rs.18,00,000
Materials consumed (1 months credit)	4,50,000
Wages paid (1 month lag in payment)	3,60,000
Cash manufacturing expenses (1 month lag in payment)	4,80,000
Administrative expenses (1 month lag in payment)	1,20,000
Sales promotion expenses (paid quarterly in advance)	60,000

The company keeps one month's stock each of raw materials and finished goods. It also keeps Rs.1,00,000 in cash. You are required to estimate the working capital requirements of the company on cash cost basis, assuming 15% safety margin.
12. Classify the different types of dividends.
13. Calculate Ordering Level, Minimum Level and Maximum Level from the following data:

Re-order quantity	1,500 units
Re-order period	4 to 6 weeks
Maximum consumption	400 units per week
Average consumption	300 units per week
Minimum consumption	250 units per week
