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IV Semester B.B.A. Degree Examination September - 2023

**BUSINESS ADMINISTRATION****Financial Management**

Paper : 4.3

(CBCS NEP Scheme)

Time : 2½ Hours

Maximum Marks : 60

**Instructions to Candidates :**

Answer all the questions, in English only.

**SECTION - A**

Answer any FIVE of the following questions. Each question carries 2 marks.

(5×2=10)

1. a) Give the meaning of finance.
- b) What is wealth maximisation?
- c) Calculate the price of an equity share given Earnings per share is Rs. 20, and equity capitalization Rate is 20%.
- d) List out the types of Dividends.
- e) Expand PBT and EAT.
- f) What is capital Budgeting?
- g) What items constitute current liabilities?

**SECTION - B**

Answer any FOUR of the following questions. Each question carries 5 marks.

(4×5=20)

2. List out the factors influencing sound financial plan.
3. Mr. A Deposits Rs 10, 000 at the end of every year for 4 years and the deposit earns a compound interest of 10% p.a. Determine how much money he will have at the end of 4 years? Given  $(1.10)^4 = 4.641$ .

**P.T.O.**



4. Calculate the three types of leverages from the following information.

Selling price per unit Rs. 10

Variable cost per unit Rs. 5

Fixed cost Rs. 1,20,000

10% Debt Rs. 3,00,000

No. of units sold 90,000

5. Explain the significance of capital budgeting.
6. Prepare an estimate of working capital requirement from the information of a trading concern
- Projected annual sales 50,000 units.
  - Selling price Rs. 16 Per unit.
  - Net profit percentage on sales 25%
  - Average credit period allowed to customers 8 weeks.
  - Average credit period allowed by suppliers - 4 weeks.
  - Average stock holding in terms of sales requirement 12 weeks.
  - Allow 10% for contingencies.

### SECTION - C

Answer any TWO of the following questions. Each question carries 12 marks.

(2×12=24)

7. A private company has EBIT of Rs. 4,80,000 and its capital structure consists of the following.

Equity share capital (Rs. 100 each )

Rs. 4,00,000

12% Preference shares

Rs. 6,00,000

14.5% Debentures

Rs. 10,00,000

The company is facing fluctuations in its sales. What would be the change in EPS if:

- EBIT increases by 25%
- EBIT decreases by 20%.

Assume Taxrate to be 35%.



8. Explain the Determinants of working capital.
9. A company is considering purchase of a new machine costing Rs. 4,00,000 the cash inflows are expected as:

Year	Machine A Rs.	Machine B Rs.	Presentvalue of Re1 at 10% Discount Rate
1	40,000	1,20,000	0.91
2	1,20,000	1,60,000	0.83
3	1,60,000	2,00,000	0.75
4	2,40,000	1,20,000	0.68
5	1,60,000	80,000	0.62

Which machine to be selected using NPV criterion?

#### SECTION -D

Answer any ONE question which carries 6 marks.

(1×6=6)

10. Show the information on various types of bonds offered by government.
11. Prepare working capital statement using imaginary values.
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