Reg. No.				

G. VENKATASWAMY NAIDU COLLEGE (AUTONOMOUS), KOVILPATTI - 628 502.



UG DEGREE END SEMESTER EXAMINATIONS - NOVEMBER 2024.

(For those admitted in June 2023 and later)

PROGRAMME AND BRANCH: B.B.A.

SEM	CATEGORY	COMPONENT	COURSE CODE	COURSE TITLE
III	PART - III	CORE - 6	U23BB306	FINANCIAL MANAGEMENT

Date & Session :12.11.2024/AN Time: 3 hours Maximum: 75 Marks Outcome SECTION – A $(10 \times 1 = 10 \text{ Marks})$ Q. Course Bloom, Answer ALL Questions. No. K1 In which word comes from the latin word the term finance? CO1 1. a) Finis b) Finan c) Finnans d) Finas CO1 K2 Show the basic objective of Financial Management. 2. a) Maximization of profit b) Maximization of share holder's wealth c) Ensuring Financial discipline in the firm d) Ensuring Financial Position K1 Which of the following factor determine the capital structure? CO₂ 3. a) Trading on Equity b) Government Policy c) Nature of Enterprise d) All the above CO2 K2 Indicate the one is the combination of Combined Leverage. 4. a) Various Costs b) Financial Leverage and **EPS** c) Financial and Operating Leverage d) Total Fixed Cost K1 CO3 Which of the following one is a long term planning for financing 5. proposed capital outlay? a) Capital Budgeting b) Budgeting c) Cash Budget d) Sales Budget CO3 K2 Outline the rate equates the present value of expected future cash flows with the cost of investments. a) External Rate of Return b) Internal Rate of Return c) Average Rate of Return d) Maximum Rate of Return State on which policy concerning quantum of profits to be CO₄ K1 7. distributed as dividend. a) Dividend Policy b) Financial Policy d) Monetary Policy c) Investment Policy

CO4	K2	8.	,) Capital Mar	dend policy. rket Situation of Liquid Cas		
CO5	K1	9.	c) Receivable management d)	Cash mana All of the ab	ove		
CO5	K2	10.	,	dend is relev Game theory Market Valu	У		
Course Outcome	Bloom's K-level	Q. No.	$\frac{\text{SECTION} - B \text{ (5 X 5 = 25 Marks)}}{\text{Answer } \frac{\text{ALL Questions choosing either (a) or (b)}}$				
CO1	КЗ	11a.	Identify the objectives of financial management. (OR)				
CO1	КЗ	11b.	Find the role of financial manager.				
CO2	КЗ	12a.	A Company issues 10% irredeemable debentures of Rs.100000. the company is in the 55% tax bracket. Calculate the cost of debt (before as well as after tax) if the debentures are issued at i) Par ii) 10% Discount and iii) 10% Premium (OR)				
CO2	КЗ	12b.	A firm has sales of Rs. 20,00,000, variable cost of Rs. 14,00,000 and fixed costs of Rs. 4,00,000 and debt of Rs. 10,00,000 at 10% rate of interest. What are the operating, financial and combined leverages? If the firm wants to double its Earnings before Interest and Tax (EBIT), how much of a rise in sales would be needed on a percentage basis?				
CO3	K4	13a.	X Ltd. Is considering the purchase of a out operations performed by labour. A From the following information, you are profitability statement and work out th of each machine.	and B are altering and B are altering and B are also and B are also are also are also are also are also are al	ternative mod prepare a	lels.	
CO3	K4	13b.	Estimated life of machine Cost of machine Cost of direct materials Estimated savings inn scrap Additional cost of maintenance Estimated savings in direct wages: Employees not required (Numbers) Wages per employee (OR)	5 years 150000 6000 10000 19000 150 600	6 years 250000 8000 15000 27000 200 600		
			Identify the need and significance of ca	pital budgeti	ing.		

CO4	K4	14a.	Analyse the factors affecting dividend policy. (OR)				
CO4	K4	14b.	Classify the various types of dividend policy.				
CO5	K5	15a.	Prepare an estimate of WC requirements from the following: a. Projected annual sales 1,00,000 units b. Selling price per unit Rs. 8 per unit c. Profits on sales 25% d. Average credit period allowed to customers - 8 weeks e. Average credit period allowed by suppliers - 4 weeks f. Average stock holding in terms of sales requirements-12 weeks g. Allow 10% for contingencies. (OR)				
CO5	K5	15b.	Evaluate the various types	•	apital.		
Course Outcome	Bloom's K-level	Q. No	SECTION - C (5 X 8 = 40 Marks) Answer ALL Questions choosing either (a) or (b)				
CO1	КЗ	16a.	Determine the functions of financial management. (OR)				
CO1	КЗ	16b.	Identify the various sources of finance.				
CO2	K4	17a.	A firm has the following codifferent sources of funds Sources of Funds Debt Preference Shares Equity Shares Retained Earnings Total You are required to comput	Amount (Rs.) 15,00,000 12,00,000 18,00,000 15,00,000 te the weight (OR)	Proportion (%) 25 20 30 25 100 ed average co	After Tax Cost (%) 5 10 12 11	
CO2	K4	17b.	Examine the different theories of capital structure.				
CO3	K4	18a.	The project cost of an investment is Rs.50000. the facility has a life expectancy of 5 years and no salvage value. The company's tax rate is 55%. The firm uses straight line depreciation. The estimated cash flows before tax and depreciation is as follows: Year 1 2 3 4 5 CFBT 10000 11000 14000 15000 25000 Compute the following: i) Payback period method ii) Average rate of return iii) Internal rate of return iv) Net present value at 10% discount rate. (OR)				
CO3	K4	18b.	Analyse the factors affecting the capital budgeting.				

CO4	K5	19a.	The following information is available in respect of a firm:					
			Capitalisation rate (Ke) = 10% Earnings per share (E) = Rs.10					
			Assumed rate of return on investments					
			i) r = 15% ii) r = 8% iii) r = 10%					
			Show the effect of dividend policy on the market	Show the effect of dividend policy on the market price of shares				
			using Walter's model. (OR)					
CO4	K5	19b.	Evaluate the various dividend Walter's models.					
CO5	K5	20a.	A company sells goods in the home market and earns a gross profit					
			of 20% on sales. Its annual figures are as follows.					
				Rs.				
			Sales	300000				
			Materials used	108000				
			Wages	96000				
			Manufacturing expenses	120000				
			Administrative Expenses	30000				
			Depreciation	12000				
			Selling expenses	18000				
			Income tax payable in two installments of which	30000				
			one falls in the next year					
			Additional information:					
			1. Credit given by suppliers – 2 months					
			2. Credit allowed to customers – 1 month					
			3. Lag in payment of wages – ½ month					
			4. Lag in payment of manufacturing expenses – 1 month					
			5. Selling expenses are paid quarterly in advance					
			6. Raw materials and finished goods are in stock for 1 month					
			7. Cash balance estimated to be maintained at Rs					
			You are required to prepare a statement of v	working (capital			
			requirements.					
CO5	K5	20b.	(OR)					
			Evaluate the various factors influencing the working of	capital.				