

Faculty of Business Management
BBA II-Year, CBCS-IV Semester Regular/Backlog
Examinations –January, 2021

PAPER: FUNDAMENTALS OF FINANCIAL MANAGEMENT

Time: 2 Hours

Max Marks: 80

I. Answer any 5 of the following questions (5x16=80 Marks)

1. Explain the importance of FM and What is the role of Financial Manager in contemporary scenario
2. Explain the Functions of Financial Management.
3. Explain the steps involved in Capital Budgeting process.
4. How NPV is different from IRR? Explain with suitable example?
5. What is Capital Structure? Explain the Theories of Capital Structure.
6. What is Cost of Capital? How to compute the cost of Debt and Equity?
7. Elucidate the factors of Dividend policy
8. Explain the importance of Walter's model of dividend theory
9. What are the factors determine Working Capital
10. Explain the steps in Working Capital Cycle

Faculty of Business Management

BBA II-Year, CBCS-III Semester Backlog Examinations -June/July, 2022

PAPER: Financial Management

Time: 3 Hours

Max Marks: 80

Section-A

I. Answer any *five* of the following questions (5x4=20 Marks)

1. Financing Decision
2. Present value of money
3. Determinants of capital structure
4. Lock Box System
5. Reorder level
6. Cash Discount
7. Debentures
8. Types of Dividend

Section-B

II. Answer the following questions (5x12=60 Marks)

9. (a) What do you mean by Financial Management? Discuss the objectives of financial management.

(OR)

- (b) Explain about: i. Current Asset Management Decision
ii. Wealth maximization and Profit maximization

10. (a) Explain about: i. Features of capital budgeting
ii. Time value of money

(OR)

- (b) Evaluate the project XYZ using Net present Value Method at 10 percent cost of capital and Internal Rate of Return from the following information given below:

year	Expected cash flows	PV factor at 10 percent
0	-600000	1.000
1	100000	0.909
2	200000	0.826
3	300000	0.751
4	350000	0.683
5	400000	0.621

- 11.(a) (i) Explain the factors determining the dividend policy of a company.
(ii) Explain the long term sources of finance.

(OR)

- (b) Calculate the weighted average cost of capital using book value and market value from the following information:

Firms after tax cost of sources of finance are:

Cost of equity funds	17%
Cost of preference shares	12%
Cost of debt	9%

The capital structure is:

Source	Book value (Rs.)	Market value (Rs.)
Debt	3,00,000	3,70,000
Preference Shares	2,00,000	2,30,000
Equity Shares	5,00,000	7,50,000

12.(a) What is Working Capital Management? What are the determinants of Working Capital?

(OR)

(b) Prepare cash budget for the three months starting from March 2019.

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
January, 2019	3,20,000	2,60,000	40,000
February, 2019	3,34,000	2,52,000	42,000
March, 2019	2,92,000	3,46,000	38,000
April, 2019	3,66,000	4,06,000	34,000
May, 2019	2,22,000	4,28,600	30,000

(i) 40 per cent of the sales is on cash. 60 per cent of the credit sales is realized in the month following sales .

(ii) Creditors are paid in the month following the month of purchase.

(iii) Estimated cash at bank as on 1st March, 2019 is Rs.80,000.

13.(a) (i) What is meant by Receivables? What does it includes?

(ii) List out the objectives of Receivables Management.

(OR)

(b) (i) Explain ABC analysis with an example.

(ii) A firms annual requirement of inventory is 30,000 units. The acquisition costs amount to Rs.150 per order. The carrying cost is Rs.1.20 per unit per year. Calculate EOQ.

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BBA II-Year, CBCS-III Semester Regular Examinations –Jan, 2023

PAPER: Financial Management

Time: 3 Hours

Max Marks: 80

Section-A

I. Answer any *five* of the following questions (5x4=20 Marks)

1. Current Asset Management Decision
2. Present Value of Money
3. Cost of Debt
4. Gross and Net working capital
5. Re-order level
6. Wealth Maximization and Profit Maximization
7. Meaning of Capital structure
8. Cash discount

Section-B

II. Answer the following questions (5x12=60 Marks)

9. (a) Define the term Financial Management and discuss its objectives.
(OR)
(b) Explain the role of financial manager in organizing finance function.
- 10.(a) Define the term Capital Budgeting and explain the techniques of capital budgeting.
(OR)
(b) Details of a project are given below. Calculate the Net Present Value of the project and decide whether project is to be accepted or rejected. Cost of Capital is 12 percent.

Year	Annual Cash flows in rupees
0	- 10,00,000
1	5,00,000
2	3,80,000
3	3,00,000
4	2,70,000
5	2,50,000

- 11.(a) What is Dividend? Explain types of dividend.
(OR)
(b) What is Cost of Capital? Explain the procedure in calculating weighted average cost of capital.
- 12.(a) What is cash management? Explain the techniques of cash management.
(OR)
(b) Explain the procedure in calculating Cash Budget with an illustration.
- 13.(a) i.Explain credit policy.
ii. Write a note on Inventory management.
(OR)
(b)T he Varalaxmi Equipment Company estimates its carrying cost at 15% and its ordering cost at \$9 per order. The estimated annual requirement is 48,000 units at a price of \$4 per unit. You are required to calculate:
 - i.What is the most economical number of units to order?
 - ii.How many orders should be placed in a year?
 - iii.How often should an order be placed?

Faculty of Business Management
BBA II-Year, CBCS-III Semester Backlog Examinations –June, 2023
PAPER: Financial Management

Time: 3 Hours

Max Marks: 80

Section-A

- I. Answer any *five* of the following questions (5x4=20 Marks)
1. Define Financial Management.
 2. Discounting Concept of Time Value of Money
 3. What are the long-term sources of finance?
 4. Define Cash Management
 5. Explain the term Inventory.
 6. Profitability Index
 7. Current Assets Management
 8. Factors influencing the size of Receivables.

Section-B

- II. Answer the following questions (5x12=60 Marks)
9. (a) Discuss the objectives of Financial Management.
(OR)
(b) Distinguish between profit maximization and wealth maximization.
- 10.(a) Write the objectives, features and methods of capital budgeting?
(OR)
(b) From the following information, of two projects A and B, calculate NPV by considering a discount factor of 7 per cent and suggest which project is preferable.

Project	Initial Amount	Net Cash Income (Before Depreciation but after tax)							
		Years							
		1	2	3	4	5	6	7	8
Project A	20,000	4,000	4,000	4,000	8,000	2,000	--	--	--
Project B	20,000	8,000	6,000	2,000	2,000	2,000	2,000	2,000	2,000

- 11.(a) Define dividend. Explain the various forms of Dividends.
(OR)
(b) The following details are provided by ABC Limited

Particulars	Rs.
Equity Share Capital	65,000
12 % Preference Share Capital	12,000
15% Redeemable Debentures	20,000
10% Convertible Debentures	8,000

The Cost of equity capital for the company is 16.30 % and Income Tax rate for the Company is 30%. You are required to Calculate the Weighted Average Cost of Capital of the company.

- 12.(a) Define Cash Management. Explain objectives of cash management.
(OR)

(b) V.S.M. Ltd. is engaged in large-scale retail business. From the following information's you are required to forecast their working capital requirements.
Projected Annual Sales Rs. 130 lakhs.

Percentage of net profit on cost of sales 25%.

The average credit period allowed to debtors is 8 weeks.

The average credit period allowed by creditors is 4 weeks.

Average stock carrying 8 weeks (in terms of sales requirements).

Add: 10% to computed figures to allow for contingencies

13.(a) Discuss Receivables Management.

(OR)

(b) A dealer has to supply his customer with 400 units of a product per week. The dealer gets the product from the manufacturer at a cost of Rs. 50 per unit. The cost of ordering from the manufacturer is Rs.75 per order. The cost of holding inventory is 7.5 % per year of the product cost. Find (i) EOQ (ii) Total optimum cost.
