

Reg. No

Name

22U304 -S

BBA DEGREE END SEMESTER EXAMINATION - OCTOBER 2022

SEMESTER 3 : INTEGRATED MARKETING AND NEW MEDIA

COURSE : 16U3CRBBA7 : FINANCIAL MANAGEMENT

(For Supplementary 2016/2017/2018 /2019 Admissions)

Time : Three Hours

Max. Marks: 75

PART A

Answer All (1 mark each)

1. What do you mean by the cost of capital?
2. What is equity share?
3. Number of equity shares in a company 10,000 and profit after tax Rs,80,000. What is EPS ?
4. State the rule for acceptance of a project.
5. What is operating cycle ?
6. What is annual dividend ?

(1 x 6 = 6)

PART B

Answer any 7 (2 marks each)

7. What do you mean by dividend decision ?
8. Define cost of capital.
9. A Ltd has Equity Share Capital of ₹1,00,000 divided into shares of ₹100 each. It earned a net profit before tax ₹3,00,000. Tax rate 50%. Calculate EPS.
10. The annual cash inflow expected from a project for four years are 2,000, 3,000,4,000 and 5000 respectively. Cost of capital 14% calculate present values of cash inflows.
11. How do you calculate present value of cash inflows ?
12. What is Payables Deferral Period ? How do you calculate it ?
13. What do you mean by working capital management ?
14. Calculate Raw material conversion period from the following:
Opening stock of materials 30,000
Closing stock of materials 50,000
Raw material consumption during the year 1,44,000.
Assume number of working days in a year 360 days
15. What is long term debt ? Give an example.
16. Distinguish between regular dividend and interim dividend.

(2 x 7 = 14)

PART C

Answer any 5 (5 marks each)

17. PQR Ltd. issues 10,000, 12% preference shares of Rs. 100 each. Cost of issue is Rs. 3 per share. Calculate cost of preference share capital if these shares are issued
(i) at par, (ii) at a premium of 5% and (iii) at a discount of 10%.

18. B Ltd issues the following securities
1. 12% Debentures of Rs. 100 each at par redeemable after 10 years at par. Tax rate 40%. floatation cost Rs.4 per Debenture.
 2. 9% Preference Shares of Rs. 100 each at par redeemable after 5 years at par Floatation cost Rs.2 per share Calculate cost of capital.
19. The P/L/A/C for the year ended 31 December 2016 revealed a net profit of Rs. 2,40,000 after Tax and Income tax paid during the year amounted to Rs. 60,000. Other information was as follows :

	2015	2016
	₹	₹
Debtors	25,000	42,000
B/R	20,000	18,000
Creditors	18,000	32,000
B/P	8,000	12,000
Stock	82,000	60,000
Prepaid Expenses	4000	6000
Out standing Expenses	6000	3000

During the Rs.10,000 transferred to General Reserve. Depreciation on fixed assets provided during the year amounted to Rs. 30,000, Goodwill written off Rs. 15,000 and Preliminary Expenses written off Rs. 30,000. During the year a part of the machinery was sold for Rs. 50,000. The book value of which was Rs. 40,000. The profit on sale of machinery was credited to P/L A/C. During the year Dividend Rs. 12,000 was credited to P/L A/C. Calculate cash flow from operating activities.

20. Calculate cash flow from operating activities from the following information.
- | | |
|-------------------------------|-------------|
| Cash receipts from Debtors | ₹12,00,000. |
| Cash payments to creditors | ₹9,00,000. |
| Cash sales | ₹1,10,000. |
| Cash purchases | ₹96,000. |
| Payment of wages to employees | ₹1,70,000. |
| Other operating expenses | ₹58,000. |
| Income Tax paid | ₹84,000. |
21. A project requires an investment of Rs.12,000. The annual cash inflow expected from the project for four years are 2,000, 4,000, 4,000 and 5000 respectively. Cost of capital 10% calculate net present value.
22. The following information was taken from the books of a manufacturing company: Debtors 32,000, Creditors 26,000, Bills Payables 18,000, Bills Receivables 12,000, Stock of Finished goods 63,000, Prepaid Expenses 3,000, Outstanding expenses 6,000 Calculate Gross working capital and net working capital
23. Explain various features of an appropriate capital structure.
24. How does cost of capital affect capital structure ?

(5 x 5 = 25)

PART D

Answer any 2 (15 marks each)

25. Briefly explain the various functions of a financial manager.
26. Explain the various factors affecting capital budgeting decisions
27. Explain the different sources of working capital
28. What do you mean by dividend policy ? Explain various factors influencing dividend policy.
(15 x 2 = 30)