# B.M.S. COLLEGE FOR WOMEN, AUTONOMOUS
### BENGALURU – 560004
### SEMESTER END EXAMINATION – SEPTEMBER 2023

### B.B.A. – 4th Semester

### FINANCIAL MANAGEMENT
### (NEP Scheme 2021-22 onwards)

**Course Code: BBA4DSC12**                                                                    **QP Code: 4027**
**Duration: 2 ½ Hours**                                                                        **Max Marks: 60**

### SECTION-A
### (Conceptual Questions)

**1. Answer any FIVE of the following questions. Each question carries TWO Marks.          (5X2=10)**

a. What is financial management?
b. What is time value of money?
c. What is earnings capitalization approach?
d. Give the meaning of leverage.
e. What is cash dividend?
f. A project cost ₹ 1, 00,000 and yields annual cash inflow of ₹ 20,000 for eight years. What is the payback period?
g. What is working capital?

### SECTION- B
### (Application Questions)

**Answer any FOUR of the following questions. Each question carries FIVE Marks.          (4X5=20)**

2. Explain the objectives of financial management.
3. Explain any five sources of working capital.
4. Determine the present value of an annuity of ₹ 1, 00,000 receivable for 5 years at an effective rate of interest of 12% per annum by using present value of an annuity formula. $PV= \dfrac{A}{I}\left[ 1 - \dfrac{1}{(1+i)^n} \right]$

5. A firm has sales of ₹ 75, 00,000, Variable cost of ₹ 42, 00,000 and a fixed cost of ₹ 6, 00,000. It has a debt of ₹45, 00,000 at 9% per annum and equity of ₹ 55, 00,000. Calculate the operating leverage financial leverage and combined leverage of the firm.
6. A project requires an investment of ₹5,00,000 and has a scrap value of ₹ 20,000 after 5 years. It is expected to yield profits after depreciation and taxes during the five years amounting to ₹ 40,000, ₹60,000, ₹70,000, ₹50,000 and ₹20,000. Calculate average rate of return on the investment.

## SECTION- C
## (Analyses and Understanding Questions)

**Answer any TWO of the following question. Each question carries TWELVE Marks.     (2X12=24)**

7. Explain the factors influencing sound financial plan.
8. Explain the factors determining working capital.
9. A company has to select one of the two alternative projects whose particulars are given below.

| Particulars | Project A | Project B. |
|---|---|---|
| Initial outlay. | 1,18,720. | 1,00,670 |
| Net cash flow. | | |
| Year | | |
| 1 | 1,00,000 | 10,000 |
| 2 | 20,000. | 10,000 |
| 3 | 10,000 | 20,000 |
| 4 | 10,000 | 1,00,000 |

The company can arrange necessary funds at 8%. Compute internal rate of return of each project and comment on the results. If there is any contradiction in the results, state the reasons for such contradiction.

The Present Value factor of ₹1 received at the end of each year at different rates is given below.

| Year | 8% | 10% | 12% | 14% |
|---|---|---|---|---|
| 1 | 0.926 | 0.909 | 0.893 | 0.877 |
| 2 | 0.857 | 0.826 | 0.797 | 0.769 |
| 3 | 0.794 | 0.751 | 0.712 | 0.675 |
| 4 | 0.735 | 0.683 | 0.636 | 0.592 |

## SECTION-D
## (Skill Development Questions)

**Answer any ONE of the following questions, carries SIX Marks.                    (1X6=06)**

10. Prepare a working capital statement using imaginary values.
11. Prepare a chart showing Organization structure of Finance Department.
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