LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



Date: 30-10-2023

B.B.A. DEGREE EXAMINATION – **BUSINESS ADMINISTRATION**

FIFTH SEMESTER – **NOVEMBER 2023**

UBU 5501 - FINANCIAL MANAGEMENT

Dept. No.

Tin	ne: 09:00 AM - 12:00	NOON						
			PART – A					
Q. No	Answer ALL Questions	S:			$(10 \times 2 =$	20 Marks)		
1	List any two objectives of	of Financial Man	agement.					
2	Give the formula for fut	ure value.						
3	Define the cost of capita	efine the cost of capital.						
4	Give the formula for retained earnings when the personal tax rate is given.							
5	Define Optimum capital structure.							
6	What is called as point of indifference?							
7	Give the formula for the Payback period.							
8	What is called a dividend policy?							
9	Define Working capital.							
10	List the types of Workin	g capital.						
			PART – B					
Answer any FOUR Questions:					$(4 \times 10 = 40 \text{ Marks})$			
11	Describe the role of the financial manager.							
12	Explain the other Objectives of Financial management.							
13	A company issued a debt worth Rs 700,000 to expand its factory. It established a sinking fund to retire this debt in five years and made deposits into it at the end of every year. If the fund was earning 7% compounded semi-annually, calculate the periodic payment deposited into the fund.							
14	JJ Limited issued 7500, 8% preference shares of Rs 100 each at a premium of 10%. The shares are redeemable at par after 7 and a half years. The floatation cost is 5 %. Compute the effective cost of redeemable preference capital.							
15	Dewwy Ltd has an EBIT of Rs 4,50,000. The cost of Debt is 10% and the outstanding debt is Rs 1, 20,000. The overall capitalization rate is 15%. Calculate the total value of the firm and equity capitalization rate under the NOI approach.							
16	Find the degree of Operating Leverage from the following data.							
		EBIT (2005)	40000	Sales (2005)	20000	ı		
		EBIT (2006)	50000	Sales (2006)	28000			

Max.: 100 Marks

17	The Cost sheet of	a company provides the follow	ving particul	lars:					
1 /	The Cost sheet of a company provides the following particulars: Elements of cost: Raw materials: 40%, Labour: 10% & Overheads: 30%								
				6 weeks					
		Raw Materials remain in stock							
	Processing time			4 weeks 5 weeks					
		Finished goods are in stoc Period of credit allowed to		10 weeks					
		Lag in payment of wages		2 weeks					
		Period of credit allowed by							
		creditors		4 weeks					
		Calling price		Rs 50 per					
	Selling price Production in units			13000 p.a					
	Prepare an estimate of Working Capital.								
	Trepare an estimate of working Capital.								
	<u> </u>								
		PART	<u>- C</u>						
PART – C									
	er any TWO Que			`	$2 \times 20 = 40 \text{ Marks}$				
18	Briefly explain the concepts related to the Time value of Money.								
19	Find the weighted Average Cost of Capital for the following capital structure. Assume the tax rate								
	is 50 %								
	Sources	of Finance	Amount	Cost of Capital	7				
	Sources			Cost of Cupital					
	11% Pre	ference Capital	1,50,000	11%					
	Fauity S	hare Capital	4,50,000	18%	-				
	Equity 5	nare Capital	7,50,000	1070					
	Retained	Earnings	1,50,000	18%					
	Debt		1,50,000	16%	-				
	Deor		1,50,000	1070					
20	Project M initially costs Rs 50000. It generates the below-mentioned cash inflow, with the cost of								
	capital at 10%. Suggest whether the project should be accepted or not using the NPV method, Also								
	calculate a) ARR and Profitability Index.								
		Cash							
		Year inflow	PV						
		1 12000	0.909						
		2 14000	0.825						
		3 10000	0.751						
		4 10000 5 18000	0.683						
21	Briefly explain th	e determinants of Working cap		ment.					
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