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Reg. No. :	ercapitalisathroated over cap	0. Differentiate between under
Name :	ncephar working of pital.	1. Explain operating cycle co
IV Semester B.B.A./B.B.A. (RT Supplementary/Impro	M) Degree (C.B.C.S.S. – Covement) Examination, Ap	D.B.E Regular/
(2019 to	2022 Admissions)	3. What do you mean by Poi
		4. What are the signilitram
Time: 3 Hours	SECTION SOCIETY	Max. Marks : 40
P3.76.7401	SECTION – A y Short Answer	Answer any four questions. E
Answer all questions. Each question	on carries one mark. Filbos	5. Differentiate between NFA
1. What do you mean by Cost of D		 Estimated cost of project is
2. What do you mean by Capital St	the analysis of the second of	during the life of the asse Rs. 1,00,000, Rs. 75,000
3. What are the major objectives of		
4. Expand IRR. All bolled your	ages and disad anlages of pa	 Explain briefly the advanta
5. What is Working Capital?	10 / notine	18. What do you mean by inv
6. What do you mean by Capital Bu	udgeting?	000 Teeue (6×1≐6) oo A eu
Skrareholders for the	SECTION – B Short Answer	The company has been p
Answer any six questions. Each qu		share is Rs.160?
7. What are the major types of work	king capital ? prishow lel/ sh	20. From the following calcula
8 Explain briefly the need and impo	ordance of canital hudgeting	e la 10%. L'abilités J

8. Explain briefly the need and importance of capital budgeting.

A project cost Rs. 5,00,000 and yield annually a profit of Rs. 80,000 after depreciation @ 12% but before tax of 50%. Calculate payback period.

1,80,000 linvoidories

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Answer all questions, Each question (Millies or

5. What is Working Capital ?

Time: 3 Hours

- 10. Differentiate between under capitalization and over capitalization.
- 11. Explain operating cycle concept of working capital.
- 12. What is ARR? How it is calculated? (C.B. Supplementary Amprovement) Examination, April 2024

Core Course

- 13. What do you mean by Point of indifference ? A \$202 of \$100)
- 14. What are the significance of Cost of Capital ? AME (MTR) ASS ASS (6x2=12)

SECTION - C Essay

Answer any four questions. Each question carries three marks.

Differentiate between NPV and IRR.

Max Marks: 40

- 16. Estimated cost of project is Rs. 5,00,000 The returns after depreciation and tax obtadw project is Rs. 5,00,000 The returns after depreciation and tax obtadw project is Rs. 1,50,000, Rs. 1,25,000, Rs. 1,25,000, Rs. 1,00,000, Rs. 75,000 and Rs. 50,000.

 Calculate the Average Rate of Return.
- 17. Explain briefly the advantages and disadvantages of payback period. All bnbgx3 A
- 18. What do you mean by inventory?
- 19. A company issues 1,000 equity shares of Rs. 100 each at a premium of 10%.

 The company has been paying 20% dividend to equity shareholders for the past five years and expect to maintain the same in the future also. Compute the cost of equity capital. Will it make any difference if the market price of equity share is Rs.160?
- 20. From the following calculate Net working capitalso phishow to segyt rolam ent ena tarky. T

Liabilities	pritenbud lends a le	Asset important of solutions	Rs. delay	1 0
Equity shares		Goodwill	20,000	3 63
8% depentures	27 to thord 1,00,000	Land and building	21,50,000 elorg A	9. 4
Reserves		Plant and Machinery	1,00,000	
Sundry creditors	1,50,000	Inventories		



Bills payable 999 9df	eginning of	d orli 30,000	Finished goods to true	m60,000 libbs nA
Outstanding expense	preciation	20,000	Work in progress	40,000 101 1894
Bank overdraft		50,000	Prepaid expenses	20,000
Provision for taxation	Pare V	20,000	Marketable securities	60,000
Proposed dividend	HereAmpr	30,000	Sundry debtors	90,000
	000,75	12,000	Bills receivables	20,000 109 019
2,000	6,000	12,000	Cash and Bank balanc	e 90,000 toeio19
0 683	0.683 and	6,50,000	V) factor at 10%: 0.909,	6,50,000 Ineser 9
(2×5=10)		spilar ouogs	Evaluation Methods of C	24. Expla(\$1=\$x\$)

SECTION - D Long Essay

Answer any two questions. Each question carries five marks.

21. Compute the market value of the firm, value of shares and average cost of capital from the following information:

Net Operating Income Rs. 2,00,000
Total Investment Rs. 10,00,000

Equity Capitalization Rate:

a) If the firm uses no debt 10%

b) If the firm uses Rs. 4,00,000 debentures 11%

c) If the firm uses Rs. 6,00,000 debentures 13%

Assume that Rs. 4,00,000 debentures can be raised at 5% rate of interest whereas Rs. 6,00,000 debentures can be raised at 6% rate of interest.

- 22. Explain briefly the major determinants of capital structure.
- 23. From the following details compute the Net present value of Project A and B and suggest which proposal should be accepted. Discount rate is 10%.

	Project A	Project B
Initial investment	Rs. 25,000	Rs. 30,000
Estimated Life	4 years	5 years
Scrap value	2,000	Nil



An additional amount of Rs. 10,000 was spent at the beginning of the second year for Project B. The cash inflows i.e. profit before depreciation and after tax are as follows.

000.0S	Year 1	Year 2	Year 3	Year 4	Bank overdraft Year 5
90.000	Rs.	deb Rs.	000 Rs.	Rs.	Rs. hospital hospital
Project A	5,000	8,000	12,000	7,000	-
Project B	20,000	15,000	12,000	5,000	2,000
Present value (F	V) factor at	10% : 0.909,	0.826, 0.751,	0.683 and	0.683.

24. Explain different Evaluation Methods of Capital budgeting.

 $(2 \times 5 = 10)$

Answer any two questions Each questamentes five market 15. Sillerentiale between N 21. Compute the market value of the first, cally seems and average bost of belance a 81 capital from the following information: 0.00.09 Net Operating Income Total Investment Equity Capitalization Rate a) If the firm uses no debt b) If the firm uses Rs. 4,00,000 d c) If the firth uses He, 6,00,000 Assume that Rs. 4,00,000 debentures can be mised at 5% rate of interest, and team whereas Rs. 6,00,000 debentures can be raised at 6% rate of interest 22. Explain briefly the major determinants of capital structure. 23. From the following details compute the Net present value of Project A and B ant aver 100 and suggest which proposal should be accepted. Discount rate is 10%.

and suggest which proposal should be accorded tale is 10%.

Project B	Project B	Project B	
Project B	Project B	Project B	
Initial investment	profited bless 25,000 d. 0.1 Rs. 30,000	Project B	
Estimated Life 0.1	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B			
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
Project B	Project B	Project B	Project B
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Project B	Project B	Project B	
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Project B	Project B		
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Project B	Project B	Project B	

Scrap value senetzy600 000,05,1





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IV Semester B.B.A./B.B.A. (RTM) Degree (CBCSS – OBE – Regular/
Supplementary/Improvement) Examination, April 2023

(2019 Admission Onwards)

Istique Core Course Ophibho Course O

4B07BBA/BBA(RTM): FINANCIAL MANAGEMENT

Time: 3 Hours Max. Marks: 40

SECTION - A

Very Short Answer Roup Roed, anolleaup ruot you reward.

Answer all the questions. Each question carries one mark. The another of mislox 3 21

- 1. What is an 'Annuity' ?
- 2. Define 'Cost of Capital'.
- 3. What is meant by 'Interim Dividend'?
- 4. Comment on the concept of the 'Operating Cycle'. And the total of the statute of the statute
- 5. What is meant by 'Over Capitalisation'?
- 6. What are 'Term Loans'?

 $(6 \times 1 = 6)$

Earnings after depreciation: 1" year

SECTION - B
Short Answer

Answer any six questions. Each question carries two marks.

- 7. Mr. Das deposited ₹ 10,000 at the rate of 10% compounded annually for 2 years. What would be the amount at the time of maturity?
- 8. A Ltd. issued ₹ 1,00,000, 8% debentures at par. The tax rate applicable to the company is 50%. Compute the cost of debt capital.
- 9. What are 'Retained Earnings' ?

P.T.O.

c) ABC Analysis

K23U 1063

- 10. Introduce the concept of 'Trading on Equity'.
- 11. Define 'Capital Budgeting'. 22080) serped (MTR) .A.B.B.A.B.B refreemed VI
- 12. Mention any two motives for holding cash.
- 13. Distinguish between Gross Working Capital and Net Working Capital.
- 14. What is 'Wealth Maximisation'? (6×2=12)

SECTION - C Essay

(2019 Admission Onward

Answer any four questions. Each question carries three marks.

- 15. Explain the functions of a Finance Manager in an organisation. enoliseup edt lis sewanA
- 16. Discuss the essentials of a good Capital Structure.
- 17. Compare NPV and IRR.
- 18. What is 'EBIT-EPS Analysis' ? Explain.
- 19. Calculate the ARR of two projects X and Y: 1990 and to tream on the manner of the common of the

e-txa <		X	V	S. What is meant by 'Over
		7.3€	**	6. What are Term Loans'
Capital Cost	(UNI	40,000	60,000	
Earnings after depreciation: 1st	year 191	5,000	8,000	
200	year	7,000	10,000	Answer any six questions.
3rd appounded annually for	year	6,000	7,000	
2 Million Salaring	year	6,000	5,000	7. Mr. Das deposited ₹ 10

- 20. Write a short note on:

 8 A Ltd. issued ₹ 1,00,000, 8% debentures at par. The tax rate applicable to 0.000,00, 1.5 beuss! bt.J.A. B.

 - b) JIT Approach
 - c) ABC Analysis.

(4×3=12)





K23U 1063

SECTION - D Long Essay

Answer any two questions. Each question carries five marks.

- 21. Define 'Financial Management'. Elucidate in detail its objectives.
- 22. Describe the factors determining the working capital needs of a firm.
- 23. The shares of a company are being sold at ₹ 80 per share and the company paid a dividend of ₹ 8 per share last year. The investors expect a growth rate of 5% per year.
 - a) Calculate the equity cost of capital.
 - b) If the expected growth rate is 7% p.a., calculate the market price per share.
- 24. Each of the following projects requires an initial investment of ₹ 1,00,000. The cash inflows of Project A are ₹ 30,000. ₹ 40,000; ₹ 40,000; ₹ 30,000 and ₹ 30,000. In the case of Project B, the cash inflows are ₹ 20,000; ₹ 30,000; ₹ 50,000; ₹ 40,000, and ₹ 30,000. On the basis of NPV Method, which project is better?

Short an ser

Mr. Das deposited 7 10,000 at the rate of 10% compounded annually to 2 years. What would be the amount at the time of maturity?

6 A Ltd. issued < 1,00,000, 8% debentures at par. The tax rate applicable to the company is 50%. Compute the cost of get t capital.</p>



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IV Semester B.B.A./B.B.A. (RTM) Degree CBCSS (OBE) Regular/ Supplementary/Improvement Examination, April 2022 (2019 Admission Onwards) Core Course 4B07BBA/BBA(RTM): FINANCIAL MANAGEMENT

Time: 3 Hours Max. Marks: 40

PART - A

Answer all questions. Each question carries 1 mark.

- What do you mean by business finance ?
- 2. What is Post Pay Back Period Method?
- 3. What is marginal cost of capital?
- 4. What is working capital?
- 5. What is pay back period?
- 6. What is Internal Rate of Return?

 $(6 \times 1 = 6)$

PART - B

Answer any six questions. Each question carries 2 marks.

- 7. What do you mean by financing decisions?
- 8. A Ltd. issues Rs. 2,00,000 8% debentures at par. The tax rate applicable to the company is 50%. Compute the cost of debt.
- The current market price of an equity share of a company is Rs. 90. The current dividend per share is Rs. 4.50. In case the dividends are expected to grow at the rate of 7%, calculate the cost of equity capital.



- 10. Explain the conservative approach of financing working capital.
- 11. What do you mean by stretching accounts payable?
- 12. Determine the pay back period for a project which requires a cash outlay of Rs. 40,000 and generates cash inflows Rs. 8,000, Rs. 16,000, Rs. 12,000 and Rs. 8,000 in the first, second, third and fourth years respectively.
- 13. The present value of cash inflows from a project is Rs. 1,20,000, initial outlay is Rs. 80,000. What will be the profitability index of the project?
- 14. What is average rate of return method?

 $(6 \times 2 = 12)$

PART - C

Answer any four questions. Each question carries 3 marks.

- 15. What are the drawbacks of profit maximization objective ?
- 16. From the following information calculate
 - a) The cost of equity capital using CAPM Method.
 Assuming a market return of 15% next year
 Risk free rate of return 11%
 Beta coefficient of the firm 1.25
 - b) What would be the cost of equity if beta rises to 1.75?
- 17. What is cost of retained earnings? How it is calculated?
- 18. What are the disadvantages of excessive working capital?
- 19. A project requires an investment of Rs. 2,50,000 and has a scrape value of Rs. 10,000 after five years. It is expected to yield profits after depreciation and taxes during the five years amounting to Rs. 20,000, Rs. 30,000, Rs. 35,000, Rs. 25,000 and Rs. 10,000. Calculate the average rate of return on the investment.



- 20. For the following project calculate
 - a) Pay back period and
 - b) Post back profitability

Initial outlay

Rs. 4,00,000

Annual cash inflows (After tax but before depreciation)

Rs. 80,000

Estimated life

8 years

 $(4 \times 3 = 12)$

PART - D

Answer any two questions. Each question carries 5 marks.

- 21. Explain the significance of cost of capital and different types of cost of capital.
- 22. What is working capital? Explain the factors determining the working capital requirements of a firm.
- 23. The cost sheet of a company provides the following particulars

Elements of cost

Materials

40%

Direct labour

20%

Overheads

20%

The following particulars are available:

- a) It is proposed to maintain a level of activity of 400000 units.
- b) Selling price is Rs. 12 per unit.
- Raw materials are expected to remain in stores for an average period of one month.
- d) Materials will be in process, on average half a month.
- e) Finished goods are required to be in stock for an average period of one month.
- f) Credit allowed to debtors is two months.
- g) Credit allowed by suppliers is one month.

You may assume that sales and production follow a consistent pattern.

You are required to prepare a statement of working capital requirements.



24. A firm whose cost of capital is 10% is considering two mutually exclusive projects A and B, the cash flows of which are given below:

Year	P.V. Factor at 10%	Project A	Project B
##,00,000 Re Ro oor		Rs.	Rs.
0 v 8		- 50,000	- 35,000
) 1 The I	0.909	40,000	30,000
2	0.826	40,000	30,000

You may assume that sales and production follow a consistent pattern

Suggest which projects should be taken using

- a) Net Present Value Method.
- b) Profitability Index Method.

e ollowing particulars

 $(2 \times 5 = 10)$

The cost sheet of a company provid-

b) Seiling price is As. 12 per unit

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IV Semester B.B.A./B.B.A.(RTM) Degree CBCSS (OBE) Regular Examination, April 2021 (2019 Admission Only) Core Course

4B 07 BBA/BBA(RTM): FINANCIAL MANAGEMENT

Time: 3 Hours

Max. Marks: 40

PART - A

Answer all questions. Each question carries 1 mark.

- Define Financial Management.
- 2. What is explicit cost of capital?
- 3. What is gross working capital?
- 4. What is fixed working capital?
- 5. What is capital budgeting?
- 6. What is terminal value method?

 $(6 \times 1 = 6)$

PART - B

Answer any six questions. Each question carries 2 marks.

- 7. What do you mean by investment decision ?
- Determine the payback period for a project which requires a cash outlay of Rs.10,000 and generates cash inflows of Rs. 2,000, Rs. 4,000, Rs. 3,000 and Rs. 2,000 in the first, second, third and fourth year respectively.
- A company issues 1000 equity shares of Rs.100 each at a premium of 10%.
 The company has been paying 20% dividend to equity shareholders for the
 past five years and expects to maintain the same in the future also. Compute
 the cost of equity capital.



- 10. A Ltd. issues Rs.1,00,000, 8% debentures at a discount of 10%. The tax rate is 50%, compute the cost of debt capital.
- 11. What is working capital cycle?
- 12. What do you mean by ploughing back of profits?
- 13. The present value of cash inflows from a project is Rs. 4.50 crore, initial outlay is Rs. 3.75 crore. What will be the profitability index of the project?
- 14. What is profitability index?

 $(6 \times 2 = 12)$

PART - C

Answer any four questions. Each question carries 3 marks.

- 15. Briefly explain the scope of financial management.
- 16. What is realized yield method of calculating cost of equity capital? What are its assumptions?
- 17. From the following information calculate
 - a) The cost of equity capital using CAPM Method
 Assuming a market return of 15% next year.
 Risk free rate of return 11%
 Beta coefficient of the firm 1.25
 - b) What would be the cost of equity if beta rises to 1.75?
- 18. What are the advantages of maintaining adequate working capital?
- 19. For the following project calculate
 - a) Pay back period and
 - b) Post back profitability

Initial outlay

Rs.1,00,000

Annual cash inflows (After tax but before depreciation)

Rs. 20,000

Estimated life

8 years

A project cost Rs.1,00,000 and yields annually a profit of Rs.16,000 after depreciation@12% p.a. but before tax of 50%. Calculate the pay back period.

(4x3=12)



PART - D

Answer any two questions. Each question carries 5 marks.

- Explain the different methods used for calculating cost of equity share capital.
- 22. What is working capital? Explain the factors determining the working capital requirements of a firm.
- 23. The cost sheet of a company provides the following particulars

Elements of cost

Materials 40%
Direct labour 20%
Overheads 20%

The following particulars are available:

- a) It is proposed to maintain a level of activity of 2,00,000 units.
- b) Selling price is Rs.12 per unit.
- Raw materials are expected to remain in stores for an average period of one month.
- d) Materials will be in process, on average half a month.
- e) Finished goods are required to be in stock for an average period of one month.
- f) Credit allowed to debtors is two months.
- g) Credit allowed by suppliers is one month.

You may assume that sales and production follow a consistent pattern.

You are required to prepare a statement of working capital requirements.

- 24. The initial outlay of a project is Rs.1,00,000 and it generates cash inflows of Rs. 40,000, Rs.30,000, Rs. 50,000 and Rs. 20,000 in four years. Present value of Re.1 @10% First year 0.909, Second year 0.826, Third year 0.751 and in the Fourth year 0.683. Calculate
 - a) Net present value
 - b) Profitability index
 - c) Net profitability index.

 $(2 \times 5 = 10)$