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DCBB404

Reg. No.

IV Semester B.B.A. Degree Examination, June/July - 2026

BUSINESS ADMINISTRATION

Financial Management

(NEP Scheme Repeaters)

Paper : 4.3

Time : 2½ Hours **Maximum Marks : 60**

***Instructions to Candidates*:**

Answers should be written in English only.

SECTION - A

Answer any Five of the following sub-questions. Each sub-question carries Two marks. (5×2=10)

1. a) What is financial management ?

   b) What is time value of money ?

   c) Calculate the present value of Rs.10,00,000 to be received after 5 years from now, assuming 6% time preference for money.

   d) Write the meaning of capital structure ?

   e) Expand

      i) EPS

      ii) ARR

   f) Write any two advantages of Payback period.

   g) What is operating cycle?

SECTION - B

Answer any Four of the following questions. Each question carries Five marks. (4×5=20)

2. The following information is available pertaining to Machine X.

   Initial Investment : Rs. 10,00,000

   Required rate of return : 10%

[P.T.O.

Cash inflows in various years;

are as follows:

Year	Cash inflows Rs.
1	1,00,000
2	4,00,000
3	6,00,000
4	6,00,000
5	2,00,000

Calculate pay back period.

3. What is financial planning ? Write any 3 objectives.

4. A firm has sales of Rs. 10,00,000 variable cost Rs. 7,00,000 and fixed cost Rs. 2,00,000 (Rs. 2,00,000) and debt of Rs. 5,00,000 at 10% rate of interest.

   Calculate

   a) operating leverage

   b) Financial leverage and

   c) combined Leverage

5. Explain the factors influencing investment decision.

6. Calculate the present value of the following

Year	Cash Inflows Rs.	PV factor @10%
1	5,000	0.909
2	10,000	0.826
3	15,000	0.751
4	20,000	0.683
5	25,000	0.621

Interest rate of 10% p.a.

SECTION - C

Answer any Two of the following questions. Each questions carries Twelve marks.

(2×12=24)

7. Explain the factors determining the capital structure.

8. A firm's cost of capital is 10%. It is considering two mutually exclusive projects 'X' and project 'Y'.

The details are given below:

Particulars	**Project X Rs.**	**Project Y Rs.**
Investment	1,40,000	1,40,000
Net cash inflow		
Year		
1	20,000	1,20,000
2	40,000	80,000
3	60,000	40,000
4	90,000	20,000
5	1,20,000	20,000

The P.V. Factor @ 10% for 5 years:

Year	1	2	3	4	5
PV Factor	0.909	0.826	0.751	0.683	0.621

Calculate:

a) Pay back period

b) Net Present value

9. Determine the EPS of a company, which has an EBIT of Rs. 2,00,000. Its capital structure consists of the following securities.

i)	10% debentures	Rs. 6,00,000
ii)	12% preference shares	Rs. 2,00,000
iii)	Equity shares of Rs. 100 each	Rs. 5,00,000

The company is in the 50% tax bracket. Determine the percentage change in EPS associated with

a) 25% increase in EBIT

b) 25% decrease in EBIT

SECTION - D

Answer any One question from the following, which carries Six marks. (1×6=6)

10. Mention the types of Financial Plan and the steps in financial planning.

11. Prepare a list of current assets and current liabilities, three each, in working capital.
