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DCBB412/DCBA412

Reg. No. | | | | | | | | |

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

BUSINESS ADMINISTRATION

Financial Management

(SEP Scheme Freshers)

Paper : 4.2

Time : 3 Hours **Maximum Marks : 80**

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 profit maximisation?

b) Expand PBT and EAT.

c) What is Capital Budgeting?

d) What is Dividend?

e) Sales 20,000 units, variable cost 30%., Fixed cost Rs. 2,00,000. Calculate contribution if the selling price is Rs. 100 per unit.

f) What items constitutes current assets?

g) Cost of the asset is Rs. 15,00,000, Scrap value is 20%, working life is 5 years, calculate Depreciation.

h) What is Payback period in capital budgeting.

SECTION - B

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

2. Mention the steps in Financial planning.

3. Calculate the future value of Rs. 20,000 invested now for a period of 5 years at a time preference rate of 8% per annum, if compounded.

a) Annually and

b) Bi Annually.

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4. A firm has sales of Rs. 25,00,000, variable cost Rs. 10,00,000, and fixed cost of Rs. 5,00,000 and Debt Rs. 5,00,000, at 10% rate of interest. Calculate operating, financial and combined leverages.

5. A company has an investment opportunity costing Rs. 50,000 with the following expected cash inflows

   Year 1 to 5 Rs. 7,000 each year

   Year 6 to 9 Rs. 8,000 each year

   Determine the payback period.

6. Mention the factors determining the capital structure.

7. Explain the types of working capital.

SECTION - C

Answer any Three of the following questions. Each question carries Fifteen marks.
(3×15=45)

8. Explain the principles of a sound Financial plan.

9. A private company has EBIT of Rs. 6,00,000 and its capital structure consists of the following

Equity share capital (Rs. 100 each)	Rs. 4,00,000
10% preference share	Rs. 6,00,000
10% Debentures	Rs. 10,00,000

The company is facing fluctuations in its sales. What would be the change in EPS if :

a) EBIT increased by 25%

b) EBIT Decreased by 30%

Assume tax rate to be 50%

10. A company is considering purchase of a new machine costing Rs. 6,00,000 the cash inflows are expected as :

Year	Machine P (Rs.)	Machine Q (Rs.)	PV of Rs. 1 at 10 % Discount Rate
1	50,000	130,000	0.91
2	1,30,000	1,70,000	0.83
3	1,70,000	2,10,000	0.75
4	2,50,000	1,30,000	0.68
5	1,70,000	90,000	0.62

Which machine to be selected using NPV criterion?

11. A project is estimated to cost Rs. 16,200. It is expected to have a life of 3 years and generate cash inflows of Rs. 8000, Rs. 7000 and Rs. 6000

Calculate Internal Rate of Return (IRR)

Present value of Rs. 1 at varying Discount rate for a period of 3 years.

Year	14%	15%
1	0.8772	0.8696
2	0.7695	0.7651
3	0.6750	0.6575

12. Explain the steps in capital Budgeting process.

SECTION - D

Answer the following question. This question carries Five marks. **(1×5=5)**

13. Prepare the list of functions of Finance Manager.