

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BBA DEGREE EXAMINATION MAY 2024
(Fourth Semester)

Common to Branches – **BUSINESS ADMINISTRATION/ BUSINESS
ADMINISTRATION(IS)/ BUSINESS ADMINISTRATION(RM)**

FINANCIAL MANAGEMENT

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(5 x 1 = 5)

1. Financial Management is mainly concerned with _____
(i) Arrangement of funds
(ii) All aspects of acquiring and utilizing financial resources for firms' activities
(iii) Efficient Management of every business.
(iv) Profit maximization
2. Cost of retained earnings is equal to _____
(i) Cost of equity (ii) Cost of debt
(iii) Cost of term loans (iv) Cost of bank loan
3. The mix of debt and equity in a firm is referred to as the firms _____
(i) Primary capital (ii) Capital composition
(iii) Cost of capital (iv) Capital structure
4. The policy concerning quarters of profit to be distributed as dividend is termed as ____
(i) Profit policy (ii) Dividend policy
(iii) Credit policy (iv) Reserving policy
5. Net working capital is the excess of current asset over _____.
(i) Current liability (ii) Net liability
(iii) Total payable (iv) Total liability

SECTION - B (15 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks

(5 x 3 = 15)

- 6 a. Explain the nature of financial management.
OR
b. Calculate the rate of interest if the period of doubling of an investment is
(a) 4 years (b) 6 years.
- 7 a. Sri Rama Industries Ltd. issued 500, 12% debentures of Rs. 100 each at par. The tax rate is 40%. Calculate before tax and after tax cost of debt.
OR
b. A project costs of Rs. 5,00,000 and yields annually a profit of Rs. 80,000 after depreciation at 12% but before tax of 50%. Calculate payback period.
- 8 a A firm sells its only product at Rs.12 per unit. Its variable cost is Rs. 8 per unit. Present sales are 1,000 units. Calculate the operating leverage in each of the following situations:
i) When fixed cost is Rs. 1,000
ii) When fixed cost is Rs. 1,200
iii) When fixed cost is Rs. 1,500
OR
b. Point out the assumptions of MM Approach.

Cont ...

- 9 a The following information related to Sivam Ltd.

EPS	Rs.20
IRR	18%
Cost of capital	20%
Pay-out ration	60%

Compute the market price under the Walter's Model.

OR

- b Special Ltd., gives you the following information.

Earnings per share (EPS)	Rs.12
Cost of capital (K)	10%
Return on investment (R)	10%

Find out the market price per share using Gordon's Model, if the payout is a 25%.

- 10 a Describe the strategies of Cash Management.

OR

- b Kamath Ltd. is engaged in customer retailing. You are required to forecast its working capital requirements from the following information.

Projected annual sales	Rs. 6,50,000
Percentage of N.P on cost of sales	25%
Average credit allowed to debtors	10 weeks
Average credit allowed to creditors	4 weeks
Average stock carrying (in terms of sales requirements)	8 weeks

Add 20% to allow for contingencies.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 a. Discuss the functions of financial management.

OR

- b. Explain the types of leasing.

- 12 a. A company was recently formed to manufacture a new product. It has the following capital structure:

		Rs.
i	9% Debentures	10,00,000
ii	7% Preference shares	4,00,000
iii	Equity shares (48,000 shares)	16,00,000
iv	Retained earnings	10,00,000
	Total	40,00,000

The market price of equity share is Rs. 80. A dividend of Rs. 8 per share is proposed. The company has marginal tax of 50% and shareholder's individual tax rate is 25%. Compute after tax weighted average cost of capital of the company.

OR

- b Initial investment Rs. 6,00,000
Life of the asset 4 years
Estimate net annual cost flows:

Year	Rs.
I	1,50,000
II	2,00,000
III	3,00,000
IV	2,00,000

Calculate internal rate of return.

Cont ...

- 13 a The following projections have been given in respect of companies X and Y

Particulars	Company X	Company Y
Volume of output and sales	80,000 units	1,00,000 units
Fixed cost	Rs.2,40,000	Rs.2,50,000
Selling price per unit	Rs.10	Rs.8
Variable cost per unit	Rs.4	Rs.8

On the basis of above information calculate

- Operating leverage
- Financial leverage and
- Combined leverage.

OR

- b. Briefly explain the theories of capital structure.

- 14 a The cost of capital and the rate of return on investment of Rafael Ltd. are 10% and 18% respectively. The company has 5 lakh equity shares of Rs. 10 each outstanding and earnings per share are Rs.20. compute the market price per share and value of firm in the following situations. Use Walter Model and comment on the results.

OR

- b Calculate the market price of a share of ABC Ltd. under i) Walter's formula and ii) Dividend growth model from the following data:

Earnings per share	Rs.5
Dividend per share	Rs3
Cost of capital	16%
Internal rate of return on investment	20%
Retention ratio	40%

- 15 a Cost sheet of a company provides the following particulars:

Elements of cost

Raw materials : 40%

Labour : 10%

Overheads : 30%

The following particulars are also available

- Raw materials remain in stock for 6 weeks
 - Processing time : 4 weeks
 - Finished goods are in stock for 5 weeks
 - Period of credit allowed to debtors: 10 weeks
 - Lag in payment of wages: 2 weeks
 - Period of credit allowed by creditors : 4 weeks
 - Selling price : Rs.50 per unit
 - Production in units : 13,000 p.a
- Prepare an estimate of working capital

OR

- b What are the factors determinants of working capital management? Explain.

Z-Z-Z

END

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BBA DEGREE EXAMINATION MAY 2024
(Second Semester)

Common to Branches – **BUSINESS ADMINISTRATION /**
BUSINESS ADMINISTRATION(INFORMATION SYSTEMS) /
BUSINESS ADMINISTRATION (RETAIL MANAGEMENT)

COST ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(5 x 1 = 5)

1. Basic objectives of cost accounting are _____
i) Tax compliance ii) Financial audit
iii) Cost ascertainment iv) Profit analysis
2. _____ is decided on the basis of ordering cost and carrying cost.
i) EOQ ii) Maximum Stock Level
iii) Minimum Stock Level iv) Average Stock Level
3. _____ System reduces rough handling of machines.
i) Time Rate ii) Piece Rate iii) Rowan Plan iv) Halsey Plan
4. A method of costing applied where costs are collected and accumulated for each work order
i) Process costing ii) Contract costing iii) Operating costing iv) Job costing
5. The costing method where fixed factory overheads are added to inventory is called _____.
i) Activity-based costing ii) Absorption costing
iii) Marginal costing iv) All of the above

SECTION - B (15 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks

(5 x 3 = 15)

6. a) State the objectives of cost accounting.
(or)
b) Differentiate between tender and quotation.
7. a) Find out the economic ordering quantity (EOQ) from the following particulars.
Annual usage:Rs.1,20,000
Cost of placing and receiving one order:Rs.60
Annual carrying cost:10% of inventory value
(or)
b) From the following information calculate maximum stock levels.

Normal consumption per day	500kgs
Minimum consumption per day	200kgs
Maximum consumption per day	800kgs
Lead time	10 to 16days
Reorder quantity	3,000
8. a) List and explain the various classifications of overheads.
(or)

Cont...