

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BBA DEGREE EXAMINATION MAY 2025
(Fourth Semester)**

Common to Branches - **BUSINESS ADMINISTRATION/ BUSINESS ADMINISTRATION
(INFORMATION SYSTEM)/ BUSINESS ADMINISTRATION (RETAIL
MANAGEMENT)/ BUSINESS ADMINISTRATION (LOGISTICS)**

FINANCIAL MANAGEMENT

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Basic objectives of financial management is _____ a) Profit b) Maximization of shareholders wealth c) Ensuring finance d) Both A and B	K1	CO1
	2	Financial structure is _____ a) Short term resources b) All the financial resources c) Long term resources d) All of these	K2	CO1
2	3	The cost of capital of minimum rate of return for _____ a) Interest b) Capital expenditure c) Debentures d) None of these	K1	CO2
	4	The cost of capital includes premium for _____ risk a) Business b) Investment c) Share holder d) Both A and B	K2	CO2
3	5	Financial leverages can be measured in _____ a) Stock term b) Flow term c) Both A and B d) None of these	K1	CO3
	6	Capital structure as the combination of debt and _____ a) Equity capital b) Equity securities c) debt d) shares	K2	CO3
4	7	Which dividend policy may be considered as long term dividend? a) Liber dividend b) Strict dividend c) Stable dividend policy d) All of these	K2	CO4
	8	Dividend is the derived from Latin word _____ a) Divend b) Dividend c) Derivation d) Dividendum	K1	CO4
5	9	What is the formula of working capital? a) Current assets – Current liability b) Current Liability – Current assets c) current liability × Capital d) Fixed assets – Current assets	K2	CO5
	10	Working capital is also known as _____ capital a) Operating b) Projecting c) Capital d) Operating	K2	CO5

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	State the nature of financial management.	K1	CO1
		(OR)		
	11.b.	Bring out the objectives of financial management	K2	
2	12.a.	Compute accounting rate of return Profit before depreciation and tax Rs.2,00,000. Depreciation 10% on Rs.4,50,000	K3	CO2

Cont...

		(OR)		
	12.b.	Explain the features of cost of capital.		
3	13.a.	A firm has a sales of Rs.20,00,000. Its variable cost of Rs.14,00,000 and fixed cost Rs. 4,00,000 and debts Rs. 10,00,000 at 10% rate of interest. Find out the financial leverage and operating leverage.	K4	CO3
		(OR)	K2	
	13.b.	State the determinants of capital structure.		
4	14.a.	The following data is available for a Z company The earnings per share (E) Rs.8 Rate of return on investment 10% Return expected by shareholders 12% Find the price of the share accounting of the golden model the payout ratio is 25%.	K4	CO4
		(OR)	K3	
	14.b.	Describe the factors determining the dividend policy.		
5	15.a.	Explain the various methods of preparing cash budget.		CO5
		(OR)		
	15.b.	Z ltd is engaged in customer retailers. You are required working capital requirements from the following information. Projected annual sales Rs. 6,50,000 Percentage of net profit to cost of sales 25% Average credit allowed to debtors 10 weeks Average credit allowed by creditors 4 weeks Average stock carrying (in terms of sales requirements) 8 weeks Add 20% to allow contingencies	K5	

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO																		
1	16	Enumerate the various functions of financial management.	K1	CO1																		
2	17	<p>Project X initially cost of Rs. 25,000. It generate the following cash flows.</p> <table> <tr> <th>Year</th> <th>cash inflow.</th> <th>P/V @10%</th> </tr> <tr> <td>1</td> <td>9,000</td> <td>0.909</td> </tr> <tr> <td>2</td> <td>8,000</td> <td>0.826</td> </tr> <tr> <td>3</td> <td>7,000</td> <td>0.751</td> </tr> <tr> <td>4</td> <td>6,000</td> <td>0.683</td> </tr> <tr> <td>5</td> <td>5,000</td> <td>0.621</td> </tr> </table> <p>Taking the cut off rate at 10%. Suggest whether the project accepted or not.</p>	Year	cash inflow.	P/V @10%	1	9,000	0.909	2	8,000	0.826	3	7,000	0.751	4	6,000	0.683	5	5,000	0.621	K3	CO2
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4	6,000	0.683																				
5	5,000	0.621																				
3	18	Calculate the operating, financial and combined leverages. From the following information sales Rs. 50,000. Variable cost Rs. 25,000. Interest Rs.5,000. Fixed cost Rs. 15,000.	K4	CO3																		
4	19	The earning per share of a capital are Rs.12. The cost of equity capital Rs.10%. The rate of return on investment is 15%. Compute the market price per share. Calculate walter model. If the payout ratio is a) 50% , b) 75%	K3	CO4																		
5	20	<p>Prepare working capital requirements. The following information is given below.</p> <ul style="list-style-type: none"> a) Projected annual sales 1,00,000 units b) Selling price per unit Rs.8 c) Percentage of net profit on sales 25% d) Average credit period allowed to customer 8 weeks e) Average credit period allowed to suppliers 4 weeks f) Average stock holding in terms of sales requirements 12 weeks g) Allow 10% of contingencies 	K5	CO5																		

Z-Z-Z

END