

Roll.No.

20UBACT5013

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai - 600 044.

B.B.A. - END SEMESTER EXAMINATIONS - NOVEMBER 2025
SEMESTER - V

20UBACT5013 - Financial Management

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. Explain the objectives of financial management.
2. Calculate the pay-back period for a project which requires a cash outlay of Rs.1,00,000 and generates cash inflows of Rs.25,000, Rs.35,000, Rs.30,000, and Rs.25,000 in the first, second, third and fourth years respectively.
3. Raj 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 by creditors	4 weeks
Average stock carrying (in terms of sales requirements)	8 weeks
Add 20% to allow for contingencies	

4. Discuss the different types of dividend.
5. From the following information, determine the EOQ:

Annual consumption	90,000 units
Cost per unit	Rs.50
Buying cost per order	Rs.10
Cost of carrying inventory	10% of cost

6. Write short notes on:
 - a) Maximum stock level
 - b) Minimum stock level
 - c) Danger level
7. Describe the various types of capital budgeting decisions.
8. Find out degree of operating leverage from the following data:

Rs.

EBIT (2005) 40,000 Sales (2005) 20,000 units
EBIT (2006) 50,000 Sales (2006) 20,000 units

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Section C

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. Discuss in detail, the functions of financial management.
10. Suresh Co. Ltd., is considering the purchase of a new machine. Two alternative machines (X and Y) have been suggested each costing Rs.4,00,000. Earnings after taxation are expected to be as follows:

Year	Cash Flow	
	Machine X (Rs.)	Machine Y (Rs.)
1	40,000	1,20,000
2	1,20,000	1,60,000
3	1,60,000	2,00,000
4	2,00,000	1,20,000
5	1,60,000	80,000

The company has a target rate of return on capital of 10% and on this basis, you are required to compare the profitability of the machines and state which alternative is preferable. The present value of Re.1 (to be received at the end of each year)

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

11. From the following information, prepare a statement showing the estimated working capital requirement:

Budgeted sales - Rs.2,60,000 p.a.

Analysis of cost and profit of each unit

	Rs.
Raw material	3
Labour	4
Overheads	2
Profit	1
Selling Price per unit	10

It is estimated that:

- a) Pending use, raw materials are carried in stock for three weeks and finished goods for two weeks.
- b) Factory processing will take 3 weeks.
- c) Suppliers will give five weeks credit and Customers will require eight weeks credit.

It may be assumed that production and overheads accrue evenly. Work in progress labour, Overheads have been taken only at 50% on the assumption that on the average all units in WIP are 50% complete.

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12. Describe the factors that influence the dividend policy of a firm.
13. Explain the various techniques of inventory management.
