Reg. No. : ....

Name : ....

IV Semester B.B.A./B.B.A.T.T.M./B.B.A. (R.T.M.) Degree (CBCSS – Reg./
Supple./Imp.) Examination, May 2017
(2014 Admn. Onwards)
Core Course
4B09 BBA/BBA (TTM)/BBA (RTM) : FINANCIAL MANAGEMENT

Time : 3 Hours   Max. Marks : 40

PART – A

Answer **all** the questions. **Each** question carries ½ mark.

1. What is return on investment method ?

2. What is IRR ?

3. What is capital investment decision ?

4. What is revolving capital ?   (4×½=2)

PART – B

Answer **any four** questions. **Each** question carries **1** mark.

5. What are inventories ?

6. What is EOQ ?

7. What is meant by maximum stock level ?

8. What is cash management ?

9. What is cyclical billing ?

10. What is factoring ?   (4×1=4)

PART – C

Answer **any six** questions. **Each** question carries **3** marks.

11. What are the requisites of an ideal capital structure ?

12. Explain the importance of the concept of cost of capital.

13. Explain the factors determining cash needs.

14. Explain the importance of financial management.

15. Explain the advantages and limitations of profitability index.

16. Explain the cost and benefits of receivables.

17. No project is acceptable unless the yield is 10%. Cash inflows of a certain project along with cash outflows are given below :

Year	Outflows Rs.	Inflows Rs.
0	1,50,000	–
1	30,000	20,000
2		30,000
3		60,000
4		80,000
5		30,000
		40,000 (salvage value at the end of 5 years)

Calculate NPV.

18. The shares of a company are selling at Rs. 80 per share and the company had paid a dividend of Rs. 8 per share last year. The investors expect a growth rate of 5% per year.

    a) Calculate the equity cost of capital.

    b) If the expected growth rate is 7% p.a., calculate the market price per share.

                                                                   (6×3=18)

PART – D

Answer **any two** questions. **Each** question carries **8** marks.

19. Explain the responsibilities of financial manager.

20. Explain the technique of cash management.

21. Maruthi Products Ltd. is planning to introduce mechanisation to replace the labour force. Two alternatives are available, advise the management to select the machine under pay-back period method.

	Machine X	Machine Y
Cost of machine	Rs. 50,000	Rs. 40,000
Estimated life of machine	10 years	8 years
Estimated scrap savings per year	Rs. 1,000	Rs. 1,000
Estimated cost of materials p.a.	Rs. 2,000	Rs. 3,000
Maintenance p.a.	Rs. 2,500	Rs. 3,100
Additional cost of supervision	Rs. 1,500	Rs. 2,000
Estimated savings in wages	Rs. 10,000	Rs. 12,500

Depreciation will be taken on straight line basis.

Assume tax rate of 50%.   (2×8=16)

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