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**PRESIDENCY UNIVERSITY
BENGALURU**

SET B

**SCHOOL OF MANAGEMENT
END TERM EXAMINATION - JAN 2024**

Semester : Semester V - 2021

Course Code : BBA2030

Course Name : Financial Management

Program : BBA

Date : 04-JAN-2024

Time : 1:00 PM - 4:00 PM

Max Marks : 100

Weightage : 50%

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Question paper consists of 3 parts.

(iii) Scientific and non-programmable calculator are permitted.

(iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE QUESTIONS

5 X 2M = 10M

1. Define the term financial management.

(CO1) [Knowledge]

2. Define the term annuity

(CO2) [Knowledge]

3. Define working capital.

(CO3) [Knowledge]

4. Name three types of leverages

(CO4) [Knowledge]

5. Give the formula of uneven cash flow of future value annuity.

(CO5) [Knowledge]

PART B

ANSWER ALL THE QUESTIONS

5 X 10M = 50M

6. It is proposed to start a business requiring capital of Rs.10 Lakhs and expected return is 15%. Calculate EPS if
a) Total Capital financed through equity
b) If it is financed through 50% of Equity and 50% of Debentures at 10% interest rate.
Tax rate is 50%
- (CO1) [Comprehension]
7. From the following information, compute Financial Leverage, operating leverage, and combined leverage.
1. Sales: 3,00,000
 2. Fixed Cost: 1,00,000
 3. Variable Cost: 1,00,000
 4. Interest: 20,000
- (CO2) [Comprehension]
8. Find out the present value of Rs.6000 received at the end of the year, if the discount rate is 9% p.a.
- (CO3) [Comprehension]
9. Discuss in detail the various factors that impact the working capital of an organisation.
- (CO4) [Comprehension]
10. Discuss in detail different types of working capital
- (CO5) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

2 X 20M = 40M

11. A company has EBIT of Rs.4,80,000, and its capital structure consists of the following securities
Equity share capital (10 each) Rs.4,00,000 12% preference shares Rs.6,00,000 14.5% debentures
Rs.10,00,000 The company is facing fluctuations in its sales.
Tax rate is = 35%. Calculate EPS
a) If EBIT of the company increased by 25%
b) If the EBIT of the company decreased by 25%
- (CO3) [Application]
12. A Company is requiring a machine which requires an investment of Rs.3,20,000. The net income before tax and depreciation is estimated as follows
- | Year | Amount |
|------|----------|
| 1 | 1,60,000 |
| 2 | 60,000 |
| 3 | 1,08,000 |
| 4 | 1,12,000 |
| 5 | 96,000 |
- Tax rate is 55%. Calculate ARR.
- (CO4) [Application]