ST. FRANCIS DE SALES COLLEGE
A FRANSALIAN INSTITUTE OF HIGHER EDUCATION AUTONOMOUS
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END SEMESTER EXAMINATION – NOV/DEC 2025

BUSINESS ADMINISTRATION - III SEMESTER BBA

25BBA34A - FINANCIAL MANAGEMENT

Time: 3 Hours **Max. Marks: 80**

Instruction: *Answer should be written completely in English*

SECTION – A

1. Answer any **SEVEN** questions. Each question carries **TWO** marks. **(7X2=14)**

a) Define Financial Management.
b) What do you mean by Finance function?
c) Define Time Value of Money.
d) What are Preference Shares?
e) What do you mean by Discounting Technique?
f) What is Combined Leverage? How do you calculate it?
g) What do you mean by Dividend?
h) What do you mean by Working Capital?
i) Give the meaning of ARR & NPV.
j) What is EPS? How do you calculate it?

SECTION -B

Answer any **THREE** questions. Each question carries **EIGHT** marks. **(3X8=24)**

2. Explain the steps in Financial Planning.

3. Mr. Ravindra deposits ₹ 10,000 at the beginning of each year for 4 years at 12.5% for 4 years at 12.5% per annum interest. What is the maturity value after 4 years?

4. A company has Sales of ₹ 20,00,000, Variable cost of ₹ 14,00,000, Fixed Cost of ₹ 4,00,000 and Debt of ₹ 10,00,000 at 12% rate of interest. Calculate operating leverage, financial leverage and combined leverage.

5. A company has an investment opportunity costing ₹ 40,000 with the following expected net cash flows after taxes but before Depreciation.
   Year 1 to 5 ₹ 7,000 each year
   Year 6 to 9 ₹ 8,000 each year
   Determine the Payback Period

6. What are the types of Working Capital? Explain Briefly.

SECTION – C

Answer any **THREE** questions. Each question carries **FOURTEEN** marks. **(3X14=42)**

7. Explain in detail the Organizational Finance Function with a Chart.
8. Anand Company ltd. has a share capital of ₹ 10,00,000 divided into Equity shares of ₹ 10 each. It has major expansion programme requiring an investment of another ₹ 5,00,000. The management is considering the following alternatives for raising this amount:
   (i) Issue of 50,000 Equity shares of ₹ 10 each.
   (ii) Issue of 50,000, 12% Preference Shares of ₹ 10 each.
   (iii) Issue of 10% Debentures of ₹ 5,00,000.
   Calculate EPS and suggest which plan should be selected
9. A) Explain briefly the factors determining capital structure of a business.

   B) Mr. Ramesh invests ₹ 1,00,000 in a bank at 10% p.a. for 5 years.
   Calculate the maturity value if interest is compounded annually. Will he get more if interest is compounded half yearly?
10. What are the factors affecting Working Capital of a business? Explain in detail.
11. From the following information calculate NPV of the two projects and Suggest which Project should be accepted, assuming discount rate is 10%

	Project X	Project Y
Initial Investment	₹20,000	₹30,000
Estimated Life	5 Years	5 Years
Scrap Value	₹1000	₹2000

The Profit before Depreciation after Taxes (Cash Inflow) are as follows: -

Year	1	2	3	4	5
X	5,000	10,000	10,000	3,000	2,000
Y	20,000	10,000	5,000	3,000	2,000

The PV Factor @10% discount rate is as follows: -

Year	1	2	3	4	5
P.V factor @10%	0.909	0.826	0.751	0.683	0.621