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IV Semester B.B.A. Degree Examination, September/October - 2022 AVIATION MANAGEMENT

Financial Management

(CBCS Scheme 2019-20 Freshers)

Time: 3 Hours

Maximum Marks: 70

Instructions to Candidates:

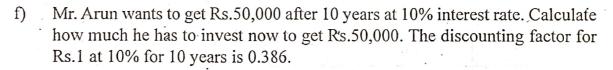
Answers should be written only in English.

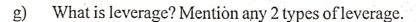
SECTION -A

Answer any Five questions. Each question carries 2 marks.

 $(5 \times 2 = 10)$

- 1. a) Define financial function.
 - b) Mention different forms of dividend.
 - c) What is working capital.
 - d) Define time value of money.
 - e) What is ARR and NPV.





SECTION - B

Answer any Three questions from the following. Each question carries 6 marks. $(3\times6=18)$

- 2. Distinguish between profit maximization and wealth maximization.
- 3. The sales of a company is Rs.20,00,000, variable cost is Rs.14,00,000. Fixed cost is Rs.4,00,000 and debt Rs.10,00,000 at 12% rate of Interest. Calculate operating leverage, financial leverage and combined leverage.
- 4. Briefly explain different types of dividends.

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5. Calculate ARR of project X and Y from the following:

p.oj.oc. 20	Project X	Project Y	
Investment	Rs.20,000	Rs.30,000	
Expected life	4 years	5 years	

Projected Net Income (after interest, depreciation and taxes)

Year	1	2	3	4	5
Project X (Rs.)	2,000	1,500	1,500	1,000	. .
Project Y (Rs.)	3,000	3,000	2,000	1,000	1,000



Note: If the required rate of return is 14% which project should be undertaken.

SECTION - C

Answer any Three questions from the following. Each question carries 14 marks.

 $(3\times14=42)$

- 6. What is the role of finance Manager in present generation?
- 7. Rahul company Ltd. is considering the purchase of a machine which cost Rs.50,000 which has a life expectancy of 5 years with no salvage value. The tax rate is 35%. Assume the company uses straight line method of depreciation. The estimated cash flow before tax (CFBT) from the investment is as follows.

	- N	
Year	CFBT	Present value at
	<u>.</u>	10% discount rate
1	10,000	0.909
2	10,692	0.826
3	12,769	0.751
4	13,462	0.683
5	20,385	0.621

Compute:

- a) PBP.
- b) NPV.
- c) P.I.

- Explain the phases of working capital management in detail. 8.
- A company has EBIT of Rs.4,80,000 and its capital structure consists the following 9. securities.

Equity share capital (Rs.10 each)		4,00,000
12% preference shares	*,	6,00,000
14.5% debentures		10,00,000

20,00,000

The company is facing fluctuation in its sales what would be the changes in EPS if.

Total

- EBIT of the company increases by 20%. a)
- EBIT of the company decreases by 20% b) Corporate tax is 35%.

