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IV Semester B.B.A. Degree Examination, August/September - 2023

AVIATION MANAGEMENT

Financial Management

(CBCS Scheme, Repeaters 2019-20)

Time : 3 Hours

Maximum Marks : 70

**Instructions to Candidates:**

Answer should be written completely in english only.

**SECTION - A**

Answer any FIVE sub-questions. Each sub-question carries 2 marks. (5×2=10)

1. a. What do you mean by finance?
- b. Define Inventory Management.
- c. Name any 4 factors influencing capital structure.
- d. Give the meaning of Valuation of Bonds and Debentures.
- e. What do you mean by working capital?
- f. What is the meaning of Time value of Money?
- g. What do you mean by Financial Planning?

**SECTION - B**

Answer any THREE questions. Each question carries 6 marks. (3×6=18)

2. Explain the role of financial manager.
3. Calculate the future value at the end of 5 years of the following series of payment at 9% rate of interest, Rs. 2,000 at the end of 1<sup>st</sup> year, Rs. 4,000 at the end of 2<sup>nd</sup> year, Rs. 6,000 at the end of 3<sup>rd</sup> year, Rs. 8,000 at the end of 4<sup>th</sup> year, Rs. 10,000 at the end of 5<sup>th</sup> year.
4. From the following information, Calculate operating, Financial, and combined leverage.  
Sales Rs. 8,00,000  
Variable cost 25%  
Fixed cost 1,50,000  
Tax rate 50%  
15% Debenture Capital Rs. 1,00,000.

[P.T.O.]



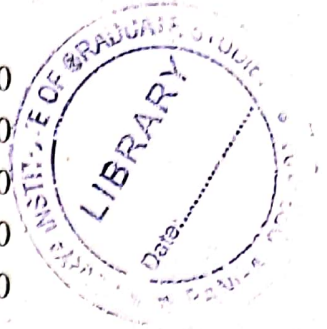


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5. Calculate the payback period from the following particulars and suggest suitable projects.

Particulars	Project A	Project B
Investment	1,00,000	50,000
Cash flows :		
Year 1	10,000	10,000
Year 2	30,000	7,500
Year 3	40,000	20,000
Year 4	25,000	20,000
Year 5	15,000	15,000



### SECTION - C

Answer any **THREE** questions. Each question carries **14** marks. (3×14=42)

6. What do you mean by working capital? Explain the concepts of adequate and Inadequate working capital in the company?
7. KR Limited is capitalized with Rs. 5,00,000 divided into 50,000 equity shares of Rs.10 each. The management desires to raise another Rs. 5,00,000 to finance some expansion programme.

There are four possible financing plans :

- All equity shares.
- Rs. 2,50,000 in equity and the balance in debentures carrying 10% interest.
- Rs. 2,50,000 in equity and Rs. 2,50,000 in preference shares carrying 10% dividend.
- All debentures carrying 10% interest.

The existing EBIT amounts to Rs. 60,000 p.a.

Calculate EPS in all the above four plans.

8. From the following particulars relating to a project calculate the IRR.

The cost of the project is Rs. 50,000. The life of the project is 5 years and following are the expected cash inflows of the project.

Year	Cash Flow	PV factor At 10%	PV factor At 5%
1	20,000	0.909	0.869
2	15,000	0.826	0.756
3	10,000	0.751	0.657
4	15,000	0.683	0.571
5	8,000	0.62	0.497

9. What is a dividend? What are the various dividend forms?

