



Jamballa

Avinashilingam Institute for Home Science and Higher Education for Women
Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD [now MoE]
Re-accredited with 'A++' Grade by NAAC. CGPA 3.65/4, Category I by UGC
Coimbatore - 641 043, Tamil Nadu, India

Continuous Internal Assessment Test I – August 2025
III Semester

Class: II UG
Major: BBA

Time: 2 Hours
Max. Marks: 60

24BBAC07 Financial Management

Course Outcome:

- CO1: Analyse and evaluate the financial system and financial environment of the organization
CO2: Assess the capital structure of the organization and evaluate the profitability condition
CO3: Apply the techniques of capital budgeting for selecting best investment opportunities
CO4: Understand the basic concept and importance of Management of current assets in an organization

Part- A

Choose the Correct the Answer

6 x 1 = 6

1. The primary goal of financial management is CO1K1
a. To minimise the risk b. To maximise the owner's wealth
c. To maximise the return d. To raise profit
2. The present value of a rupee to be received in the future is CO1K1
a. More than a rupee b. Equal to a rupee
c. Less than a rupee d. None of the above
3. Financial Planning deals with CO2K1
a. preparation of financial statements b. planning for a capital issue
c. preparing budgets d. all the above
4. Working capital means CO2K1
a. Total Assets b. Current Assets
c. Fixed Assets d. Current assets minus current liabilities
5. Excess working capital results in CO2K1
a. Block of cash b. Lack of production
c. Losing interest d. Lack of smooth flow of production
6. The relative proportion of debt and equity used for financing the operations of business is CO3K1
a. Cost of capital b. Financial Structure
c. Business Structure d. Capital Structure

Part- B

3 x 6 = 18

Answer ALL Questions

Each answer should not exceed 400 words or two pages

7. a. Explain the objectives of financial management in brief. CO1K2
(or)
7.b. Briefly explain and illustrate the concept of time 'value of money' and its importance. CO1K2
- 8.a. Demonstrate the importance of financial planning. CO2K2
(or)
8.b. Write a short note on the concept of working capital. CO2K2
- 9.a. From the following information extracted from the books of a manufacturing company, Compute the operating cycle in days : CO2K3

Particulars	Amount(Rs)
Average total of debtors outstanding	4,80,000
Raw materials consumption	44,00,000
Total production cost	1,00,00,000
Total cost of sales	1,05,00,000
Sales for the year	1,60,00,000
Value of Average stock maintained:	
Raw Materials	3,20,000
Work-in - progress	3,50,000
Finished Goods	2,60,000

(or)
9.b. Explain in brief on the significance of cost of capital

CO3K2

Part- C

3 x12 = 36

Answer ALL questions

Each answer should not exceed 800 words or four pages

10.a. Liquidity and profitability are competing goals for the finance managers – Discuss. CO1K3
(or)

10.b. What is wealth maximization goal? How is it superior to profit maximization goal.- Explain. CO1K2

11.a. Explain the characteristics of a sound financial plan. CO2K2
(or)

11.b. Explain the factors that determine the working capital needs of a firm. CO2K2

12.a. X co. Desires to purchase a business and has consulted you and one point on which you are asked to advise them is the average amount of working capital which will be required in the first year's working.

You are given the following estimates and are instructed to add 10% to your computed figures to allow for contingencies.

Particulars	Amount(Rs)
(i)Average amount locked up in stocks :	
Stock of finished goods	5,000
Stocks of stores and materials	8,000
(ii)Average Credit Given:	
Inland sales- 6 weeks	3,12,000
Export sales -1.5 weeks	78,000
(iii) Lag in payment of wages and other outgoings :	
Wages 1.5 weeks	2,60,000
Stores , Materials Etc- 1.5 weeks	48,000
Rent, royalties etc.-6 months	10,000
Clerical Staff salary- ½ month	62,400
Manager Salary-1/2 month	4,800
Miscellaneous Expenses-1.5 months	48,000
(iv) Payment in advance:	
Sundry expenses (paid quarterly in advance)	8,000
(v) undrawn profits on the average throughout the year	11,000

CO2K2

calculate the average amount of working capital requirement

(or)

12.b. Define cost of capital. Explain the determinants of the cost of capital from different sources.

CO3K4