Register Number:

DATE:8-12-2022 (9 AM)

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**BBA/BBASF – III SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2022**

**(Examination conducted in December 2022)**

**BASF 3322: FINANCIAL DECISION MAKING I**

Time-2 hrs Max Marks-60

**This paper contains \_\_\_\_ printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following (**5x2 = 10 Marks)**

1. What is ROA and ROE?
2. Give the meaning of Dividend Payout Ratio.
3. Mention any four types of short term credit.
4. State the meaning of Lease financing.
5. What is Floating exchange rate?
6. Alpha Company pays an annual cash dividend of $5 per share at the end of each year. Analysts expect no change in the policy. With a required rate of return of 12%, calculate the value of common stock.
7. Give a short note on cash management.

**Section B**

**II.** Answer ***any three*** of the following (**3x5 = 15 Marks)**

1. Briefly explain the factors of measuring the Income.
2. Write a brief note on the relationship between risk and return.
3. Describe on the concept of EOQ.
4. Enumerate on the Exchange rates fixation.

**Section C**

**III.** Answer ***any two*** of the following (**2x10 = 20 Marks)**

1. **Calculate Turnover Ratios from the following figures:**

|  |  |
| --- | --- |
| **Items** | **Amounts** |
| Sales | $17,874 |
| Sales Returns | $4 |
| Other Income | $53 |
| Cost of sales | $15,440 |
| Administration and Selling expenses | $1,843 |
| Depreciation | $63 |
| Interest expenses | $456 |
| Purchases | $15,000 |
| Purchase Returns | $5 |
| Debtors | $10,000 |
| Bills Receivables | $2,000 |
| Creditors | $5,000 |
| Bills Payable | $3,000 |
| Opening Stock | $4,000 |
| Closing Stock | $5,000 |
| Fixed assets | $5,000 |

1. What is Yield Curve? Explain the types of Yield curves shapes with a suitable diagram.
2. Explain on the techniques of value Mergers.

**Section D**

**IV. Answer the following question (1x15=15 Marks)**

1. From the following Profit and Loss account and Balance sheet of Gopal Industries, Prepare a Comparative Income Statement and Balance Sheet.

**Profit and Loss Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **1992** | **1993** | **Particulars** | **1992** | **1993** |
| To Cost of goods sold | $50,000,000 | $64,000,000 | By Sales | $70,000,000 | $90,000,000 |
| To Operating Expenses: |  |  |  |  |  |
| Administrative | $2,000,000 | $2,000,000 |  |  |  |
| Selling | $3,000,000 | $4,000,000 |  |  |  |
| To Net Profit | $15,000,000 | $20,000,000 |  |  |  |
|  |  |  |  |  |  |
|  | **$70,000,000** | **$90,000,000** |  | **$70,000,000** | **$90,000,000** |

**Balance Sheet as on 31st December**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **1992** | **1993** | **Assets** | **1992** | **1993** |
| Bills Payable | $5,000,000 | $7,500,000 | Cash | $5,000,000 | $7,000,000 |
| Tax Payable | $10,000,000 | $15,000,000 | Debtors | $30,000,000 | $45,000,000 |
| Creditors | $15,000,000 | $20,000,000 | Stock | $10,000,000 | $20,000,000 |
| Debentures | $10,000,000 | $15,000,000 | Land | $10,000,000 | $12,000,000 |
| Preference Share Capital | $30,000,000 | $30,000,000 | Buildings | $20,000,000 | $18,000,000 |
| Equity Share Capital | $20,000,000 | $20,000,000 | Machinery | $25,000,000 | $22,500,000 |
| Reserves | $20,000,000 | $25,000,000 | Furniture | $10,000,000 | $8,000,000 |
|  |  |  |  |  |  |
|  | **$110,000,000** | **$132,500,000** |  | **$110,000,000** | **$132,500,000** |