

Register Number:

Date:

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

**BBA SF - III SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2021**

**(Examination conducted in January-March 2022)**

**BBA SF 3419: Financial Decision Making I**

**This paper contains two printed pages and four parts**

**Time: 2 1/2 hrs Max marks: 70 marks**

**SECTION A**

**Answer any FIVE of the following questions. Each question carries two marks. (5x2= 10)**

1. What are the factors affecting income of a corporate company?
2. What is financial ratio?
3. Define wealth maximization.
4. What is working capital management?
5. What the components are of inventory budgeting?
6. State two types of Divestitures and its objective.

**SECTION B**

**Answer any THREE of the following questions. Each question carries five marks. (3x5=15)**

1. From the following calculate Return on Assets, Return on Equity and financial leverage ratio

Average total assets $400,000

Assets in stock $90,000

Assets in Debt $50,000

Net income $300,000

Sales $250,000

1. Explain cost of sales and cost of goods sold.
2. Differentiate between common stock and preferred stock
3. Explain fixed, floating and flexible exchange rates

**SECTION C**

**Answer any TWO of the following questions. Each question carries fifteen marks. (2x15=30)**

1. A. Calculate the following ratio on the basis of following information:
2. Gross Profit Ratio
3. Current Ratio
4. Acid Test Ratio
5. Inventory Turnover Ratio
6. Fixed Assets Turnover Ratio

Gross Profit $50,000

Revenue from Operations $100,000

Inventory $15,000

Trade Receivables $27,500

Cash and Cash Equivalents $17,500

Current Liabilities $40,000

Land & building $50,000

Plant & Machinery $30,000

Furniture $20,000

1. Discuss the importance of current and liquid ratio.
2. Discuss different types of bonds.
3. Explain the factors that cause the demand and supply of foreign currencies to shift.

**SECTION D**

**Answer the following compulsory questions. (1x15=15)**

1. Perform a vertical statement analysis from the following income statement of the XYZ Company:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Year 1** | **Year 2** | **Year 3** |
| Sales | $3,50,000 | $4,25,000 | $5,00,000 |
| Cost of Goods Sold | $1,00,000 | $1,35,000 | $1,70,000 |
| Gross Profit | $2,50,000 | $2,90,000 | $3,30,000 |
| Salaries | $95,000 | $98,000 | $1,00,000 |
| Rent and Utilities | $30,000 | $35,000 | $40,000 |
| Marketing | $20,000 | $25,000 | $30,000 |
| Other Expenses | $10,000 | $12,000 | $15,000 |
| Total Expenses | $1,55,000 | $1,70,000 | $1,85,000 |
| Net Income | $95,000 | $1,20,000 | $1,45,000 |

**--- End of the question paper ---**