

Reg. No. :

Name :

Second Semester B.B.A. Degree Examination, August 2018

Career Related First Degree Programme Under CBCSS

Core Course

BM 1243 – FINANCIAL MANAGEMENT

(2017 Admn.)

Time : 3 Hours

Max. Marks : 80

SECTION – A

I. Answer **all** questions in **one** or **two** sentences. **Each** question carries **1** mark.

- 1) Define financial management.
- 2) What is capital budgeting ?
- 3) What is IRR ?
- 4) Define working capital.
- 5) What are deferred incomes ?
- 6) What do you mean by cost of capital ?
- 7) Define EOQ.
- 8) What is VED analysis ?
- 9) What is capital gearing ?
- 10) Define dividend.

(1×10=10 Marks)

SECTION – B

II. Answer **any 8** questions. **Each** question carries **2** marks.

- 11) What is the importance of corporate finance ?
- 12) What is profit maximization ?
- 13) What is NPV ?
- 14) What is factoring ?
- 15) What do you mean by Re-order level ?
- 16) What is leadtime ?
- 17) Explain about leverage.



- 18) What is dividend payout-ratio ?
 - 19) What do you mean by bonus shares ?
 - 20) What is Net Income approach ?
 - 21) What is profitability Vs liquidity ?
 - 22) What is watered capital ?
- (2×8=16 Marks)**

SECTION – C

III. Answer **any 6** questions. **Each** question carries **4** marks.

- 23) What are the objectives of finance function ?
 - 24) What are the kinds of capital budgeting decisions ?
 - 25) Explain the factors determining the working capital requirements.
 - 26) Describe the benefits of factoring.
 - 27) Explain the objectives of inventory management.
 - 28) What is lock box system ? How does it help to reduce the cash balances ?
 - 29) Write a note on trading on equity.
 - 30) Explain the determinants of dividend policy.
 - 31) Briefly explain the important cash models.
- (4×6=24 Marks)**

SECTION – D

IV. Answer **any 2** questions. **Each** question carries **15** marks.

- 32) What is financial management ? What major decisions are required to be taken in finance ?
 - 33) What is the relevance of cost of capital in capital budgeting and capital structure planning decisions ?
 - 34) The following information is available for Awadh corporation :
Earnings per share ₹ 4.00
Rate of return on investment 18%
Rate of return required by shareholder 15%
What will be the price of per share as per the Walter's model if the payout ratio is 40% ? 50% ? 60%.
 - 35) X Ltd. is expecting an annual EBIT of ₹ 1,00,000. The company has ₹ 4,00,000 in 10% debentures. The cost of equity or capitalisation rate is 12.5%. You are required to calculate the total value of the firm according to the net income approach.
- (15×2=30 Marks)**