

Reg. No. :

Name :

Second Semester B.B.A. Degree Examination, May 2019

Career Related First Degree Programme under CBCSS

Group 2(b) : BM 1243 – FINANCIAL MANAGEMENT

Core Course

(2017 Admission onwards)

Time : 3 Hours

Max. Marks : 80

PART – A

Answer **all** questions in or two sentences each :

1. Define Corporate Finance.
2. What is wealth maximization?
3. What is Payback Period?
4. Define Current Asset.
5. What is Solvency?
6. What is float?
7. What is Credit Policy?
8. What do you mean by forfeiting?
9. What is JIT?
10. What do you mean by overcapitalization?

(10 × 1 = 10 Marks)

P.T.O.

PART – B

Answer **any eight** questions. **Each** question carries 2 marks.

11. What is ordering cost?
12. What is inventory turnover ratio?
13. What do you mean by arbitrage process?
14. Define financial risk.
15. What is P/E Ratio?
16. What do you mean by operating leverage?
17. What is EBIT?
18. What scrip dividend?
19. What is letter of credit?
20. Explain capital rationing.
21. What is trading on Equity?
22. What is the relationship between EBIT and EPS?

(8 × 2 = 16 Marks)

PART – C

Answer **any six** questions. **Each** question carries 4 marks.

23. Explain the features of optimum capital structure.
24. What are the limitations of financial leverage?
25. Explain the advantages of bonus shares.
26. What is Net Working Capital?

27. Write a note about receivables management.
28. Explain the tools of inventory management.
29. What are the assumptions of MM approach?
30. Describe the advantages of VED inventory control system.
31. Explain the types of factoring.

(6 × 4 = 24 Marks)

PART – D

Answer **any two** questions. **Each** question carries 15 marks.

32. Explain the factors affecting capital structure.
33. Investment, financing and dividend decisions are interrelated. Comment.
34. Discuss the relation between debt financing and financial leverage.
35. The shares of company are selling at ₹ 40 p. Share and it had paid a dividend of ₹ 4 p. Share last year. The investor's market expects a growth rate of 5% per year.
 - (a) Compute the company's equity cost of capital.
 - (b) If the anticipated growth rate is 7% p.a. calculate indicated market price p. share.

(2 × 15 = 30 Marks)