K23U 1063

Reg. No. : ....

Name : ....

IV Semester B.B.A./B.B.A. (RTM) Degree (CBCSS – OBE – Regular/ Supplementary/Improvement) Examination, April 2023
(2019 Admission Onwards)
Core Course
4B07BBA/BBA(RTM) : FINANCIAL MANAGEMENT

Time : 3 Hours | Max. Marks : 40

SECTION – A

Very Short Answer

Answer **all** the questions. **Each** question carries **one** mark.

1. What is an 'Annuity' ?
2. Define 'Cost of Capital'.
3. What is meant by 'Interim Dividend' ?
4. Comment on the concept of the 'Operating Cycle'.
5. What is meant by 'Over Capitalisation' ?
6. What are 'Term Loans' ? **(6×1=6)**

SECTION – B

Short Answer

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

7. Mr. Das deposited ₹ 10,000 at the rate of 10% compounded annually for 2 years. What would be the amount at the time of maturity ?
8. A Ltd. issued ₹ 1,00,000, 8% debentures at par. The tax rate applicable to the company is 50%. Compute the cost of debt capital.
9. What are 'Retained Earnings' ?

P.T.O.

10. Introduce the concept of 'Trading on Equity'.

11. Define 'Capital Budgeting'.

12. Mention any two motives for holding cash.

13. Distinguish between Gross Working Capital and Net Working Capital.

14. What is 'Wealth Maximisation' ? **(6×2=12)**

SECTION – C

Essay

Answer **any four** questions. **Each** question carries **three** marks.

15. Explain the functions of a Finance Manager in an organisation.

16. Discuss the essentials of a good Capital Structure.

17. Compare NPV and IRR.

18. What is 'EBIT-EPS Analysis' ? Explain.

19. Calculate the ARR of two projects X and Y :

		Projects	
		X	**Y**
		₹	**₹**
Capital Cost		40,000	60,000
Earnings after depreciation :	1st year	5,000	8,000
	2nd year	7,000	10,000
	3rd year	6,000	7,000
	4th year	6,000	5,000

20. Write a short note on :
    a) VED Analysis
    b) JIT Approach
    c) ABC Analysis. **(4×3=12)**

SECTION – D
Long Essay

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

21. Define ‘Financial Management’. Elucidate in detail its objectives.

22. Describe the factors determining the working capital needs of a firm.

23. The shares of a company are being sold at ₹ 80 per share and the company paid a dividend of ₹ 8 per share last year. The investors expect a growth rate of 5% per year.
    a) Calculate the equity cost of capital.
    b) If the expected growth rate is 7% p.a., calculate the market price per share.

24. Each of the following projects requires an initial investment of ₹ 1,00,000. The cash inflows of Project A are ₹ 30,000; ₹ 40,000; ₹ 40,000; ₹ 30,000 and ₹ 30,000. In the case of Project B, the cash inflows are ₹ 20,000; ₹ 30,000; ₹ 50,000; ₹ 40,000, and ₹ 30,000. On the basis of NPV Method, which project is better ? **(2×5=10)**