



K19U 0635

Reg. No. :

Name :

IV Semester B.B.A./B.B.A. (T.T.M.)/B.B.A. (R.T.M.) Degree (CBCSS-Reg./
Supp./Imp.) Examination, April 2019
(2014 Admission Onwards)
Core Course
4B09BBA/BBA (TTM)/BBA (RTM) : FINANCIAL MANAGEMENT

Time : 3 Hours

Max. Marks : 40

Answer **all** questions. **Each** question carries $\frac{1}{2}$ mark.

1. What is working capital ?
2. What is EPS ?
3. What is profitability index ?
4. What do you mean by cost of equity ?

Answer **any four** questions. **Each** question carries **1** mark.

5. Differentiate between financial structure and capital structure.
6. What is IRR ?
7. Define financial management.
8. What do you mean by the goal of wealth maximization ?
9. Mention various motives for holding cash.
10. Explain weighted average cost of capital.

Answer **any six** questions. **Each** question carries **3** marks.

11. Why capital budgeting is significant for a firm ?
12. What are the various factors determining working capital requirements ?
13. What is overcapitalization ?

P.T.O.



14. What is VED analysis ?
15. Discuss the scope of financial management.
16. What do you understand by cash management ?
17. Briefly explain the operating cycle concept.
18. A company issues 10000 10% preference shares of Rs. 100 each. Cost of issues is Rs. 2 per share. Calculate cost of preference capital if the shares are issued.
 - a) At par
 - b) At a premium of 10%
 - c) At a discount of 5%.

Answer **any two** questions. **Each** question carries **8** marks.

19. Define financial management. Explain its objectives.
20. Explain the concepts of working capital. What is the significance of adequate working capital in a firm ?
21. Arjun Ltd. is considering an investment proposal to purchase a machine costing Rs. 2,50,000. The machine has a life expectancy of 5 years and no salvage value. The company's tax rate is 40%. The firm uses straight line method for providing depreciation. The estimated cash flows before tax after depreciation (CFBT) from the machine are as follows :

Year	CBFT
1	60,000
2	70,000
3	90,000
4	1,00,000
5	1,50,000

Calculate :

- a) Payback period
- b) Average rate of return
- c) Net present value at 10% discount rate

Year	1	2	3	4	5
p.v factor @ 10%	0.909	0.826	0.751	0.683	0.621