



K21U 0923

Reg. No. :

Name :

**IV Semester B.B.A./B.B.A. (T.T.M.)/B.B.A.(R.T.M.) Degree
(CBCSS – Sup./Imp.) Examination, April 2021
(2014-'18 Admissions)**

Core Course

4B09 BBA/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 Capital Structure ?
2. Define Business Finance.
3. What is Operating Leverage ?
4. How does production cycle affect Working Capital ? **(4x $\frac{1}{2}$ =2)**

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

5. What is Capital Expenditure ?
6. What is Financial Leverage ?
7. What is Capital Rationing ?
8. What is Operating Cycle ?
9. What do you mean by Discounting Technique ?
10. Give the meaning of Profitability Index and how it will be calculated ? **(4x1=4)**

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

11. Explain the term Risk and Return.
12. Is excess Working Capital dangerous ? Why ?

P.T.O.

K21U 0923



13. Write short notes on :

- i) Over Capitalization
- ii) Under Capitalization.

14. Discuss the advantages of JIT Inventory.

15. A project cost Rs. 25,000 and has a scrap value of Rs. 5,000 after 5 years. Net profits before depreciation and taxes for the five years period are expected to be Rs. 5,000, Rs.6,000, Rs.7,000, Rs. 8,000, and Rs. 10,000. You are required to calculate ARR assuming 50% rate of tax and depreciation on straight line method.

16. What are the consequences of over investment and under investment in inventory ?

17. Define :

- a) Fixed working capital
- b) Variable working capital.

18. What is Composite Cost of Capital ? Explain the process to compute it. (6×3=18)

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

19. Describe the Factors Influencing Investment Decisions.

20. From the following calculate annual cash inflows and initial cash outflows.

Cost of the Plant	Rs.12,00,000
Installation cost	Rs.50,000
Scrap value after economic life of 5 years	Rs.1,50,000
PBDIT	Rs.3,00,000
Tax rate-50%.	

21. Explain the role of Financial Manager in Modern enterprises. (2×8=16)