



K23U 2282

Reg. No. :

Name :

V Semester B.B.A. Degree (CBCSS – OBE – Regular/Supplementary/
Improvement) Examination, November 2023
(2019 – 2021 Admissions)

Core Course

I: FINANCE

5B12BBA : Advanced Financial Management

Time : 3 Hours

Max. Marks : 40

PART – A

Answer **all** questions. **Each** question carries **1** mark.

(6×1=6)

1. What is optimum capital structure ?
2. State the modern concept of finance function.
3. What do you mean by degree of operating leverage ?
4. Define dividend policy.
5. What is hard core working capital ?
6. What is a lock box system ?

PART – B

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

(6×2=12)

7. Differentiate between gross working capital and net working capital.
8. Why the wealth maximization goal is better than profit maximization goal ?
9. What is arbitrage process ?

P.T.O.



10. 'Financial leverage is a two edged sword.' Comment.
11. Explain operating risk.
12. What is re-order level ?
13. List out the assumptions of NI theory.
14. What is debtors' turnover ratio ?

PART – C

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

(4×3=12)

15. What are the motives of holding cash ?
16. The annual demand for a product is 1200 units. The cost of procurement is Rs. 37.50 and carrying cost per unit is Re 1. You are required to calculate EOQ.
17. From the following information, calculate financial leverage :

Interest Rs. 40,000

Sales (1000 units) Rs. 4,00,000

Variable costs Rs. 2,00,000

Fixed costs Rs. 1,20,000.

18. The following information relate to a firm :

2020 2021

Sales units 1000 1500

Selling price per unit Rs. 10 Rs. 10

EBIT 1500 4500

Calculate degree of operating leverage.

19. What are the different forms of dividend ?
20. What are the responsibilities of a financial manager ?