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Reg. No. :

Name :

Second Semester B.B.A. Degree Examination, August 2018

Career Related First Degree Programme Under CBCSS

Core Course

BM 1243 - FINANCIAL MANAGEMENT

(2017 Admn.)

Time : 3 Hours

Max. Marks : 80

SECTION - A

I. Answer **all** questions in **one** or **two** sentences. **Each** question carries 1 mark.

- 1) Define financial management.
- 2) What is capital budgeting ?
- 3) What is IRR ?
- 4) Define working capital.
- 5) What are deferred incomes ?
- 6) What do you mean by cost of capital ?
- 7) Define EOQ.
- 8) What is VED analysis ?
- 9) What is capital gearing ?
- 10) Define dividend.

(1×10=10 Marks)

SECTION - B

II. Answer **any 8** questions. **Each** question carries 2 marks.

- 11) What is the importance of corporate finance ?
- 12) What is profit maximization ?
- 13) What is NPV ?
- 14) What is factoring ?
- 15) What do you mean by Re-order level ?
- 16) What is leadtime ?
- 17) Explain about leverage.



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- 18) What is dividend payout-ratio ?
19) What do you mean by bonus shares ?
20) What is Net Income approach ?
21) What is profitability Vs liquidity ?
22) What is watered capital ? (2x8=16 Marks)

SECTION - C

III. Answer any 6 questions. Each question carries 4 marks.

- 23) What are the objectives of finance function ?
24) What are the kinds of capital budgeting decisions ?
25) Explain the factors determining the working capital requirements.
26) Describe the benefits of factoring.
27) Explain the objectives of inventory management.
28) What is lock box system ? How does it help to reduce the cash balances ?
29) Write a note on trading on equity.
30) Explain the determinants of dividend policy.
31) Briefly explain the important cash models. (4x6=24 Marks)

SECTION - D

IV. Answer any 2 questions. Each question carries 15 marks.

- 32) What is financial management ? What major decisions are required to be taken in finance ?
33) What is the relevance of cost of capital in capital budgeting and capital structure planning decisions ?
34) The following information is available for Awadh corporation :
Earnings per share ₹ 4.00
Rate of return on investment 18%
Rate of return required by shareholder 15%
What will be the price of per share as per the Walter's model if the payout ratio is 40% ? 50% ? 60%.
35) X Ltd. is expecting an annual EBIT of ₹ 1,00,000. The company has ₹ 4,00,000 in 10% debentures. The cost of equity or capitalisation rate is 12.5%. You are required to calculate the total value of the firm according to the net income approach. (15x2=30 Marks)

