



23123479

**QP CODE: 23123479**

**Reg No** : .....

**Name** : .....

**BBA DEGREE (CBCS) REGULAR EXAMINATIONS, MAY 2023**

**Fourth Semester**

Bachelor of Business Administration

**Core Course - BA4CRT16 - FINANCIAL MANAGEMENT**

2021 Admission Only

EC94192D

Time: 3 Hours

Max. Marks : 80

**Part A**

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. Show the relationship between financial management and Production.
2. "Profit maximization ignores the time value of money" - Explain.
3. What is factoring?
4. What do you mean by debt financing?
5. What is inventory model (EOQ) to cash management ?
6. Mention any two factors affecting size of receivables.
7. How do we compute the cost of reserve?
8. Define the term capital structure.
9. How do we compute combined leverage?
10. What is regular dividend policy?
11. Write any two criticism raised against Modigliani -Miller model of dividend policy.
12. What is the relevance concept of dividend .

(10×2=20)

**Part B**

*Answer any **six** questions.*

*Each question carries **5** marks.*

13. Explain Wealth maximisation approach.
14. How the Finance Function is organised in a modern business organisation?





15. "Commercial Banks are an important source of Short Term finance to an Indian Businessman". Comment.
16. Explain the merits and demerits of raising long term fund from specialised financial institutions.
17. What are the dangers of inadequate working capital?
18. The following details are provided by C Ltd, for the year ended 31<sup>st</sup> March, 2015.  
Compute Net Working Capital.  
Share capital 24,00,000 Land & Building 14,00,000 Plant and Machinery 12,00,000 Stock 8,00,000 Debtors 76,000 Cash at Bank 76,000 Creditors 3,70,000
19. A company issues 1,00,000, 10% preference share of Rs. 10 each. Calculate the cost of preference capital if it is redeemable after 10 years, a) At par b) At 5% premium
20. What is the Net Income Approach of capital structure?
21. Explain any five determinants or factors affecting the dividend policies of Indian companies.

(6×5=30)

### Part C

Answer any **two** questions.

Each question carries **15** marks.

22. What is Financial management and what are its objectives? Also explain how the financial management is related with other disciplines?
23. What are the different sources of owners funds and borrowed funds used by an Indian businessman?
24. Explain the factors determining working capital? What are the advantages of adequate working capital?
25. The proposed capital structure of a company after new financing would be as follows:

Equity capital	25%
Debt capital	50%
Preference capital	10%
Retained earnings	15%

The firm has calculated the cost of each source of capital before-tax as follows:

Item	Cost
Equity capital	24 %
Debt capital	8%
Preference capital	23%
Retained earnings	19 %

Compute the weighted average cost of capital.

(2×15=30)

