

**B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2017****Fifth Semester****Core Course—FINANCIAL MANAGEMENT**

(2013 Admission onwards)

Time : Three Hours

Maximum Mark

**Part A***Answer all questions. 1 mark each.*

1. What do you mean by Working Capital Management ?
2. What is retained earnings ?
3. What is a finance function ?
4. What is Trade Credit ?
5. Define bridge finance.
6. What is debt securitisation ?
7. What is leveraged lease ?
8. What do you mean by bills discounting ?
9. Define Factoring.
10. What do you mean by zero coupon bonds ?

(10 × 1)

**Part B***Answer any eight questions. 2 marks each.*

11. What are the basic aspects of Financial Management ?
12. Name various parameters that need to be considered while choosing a source of fund.
13. What is partly convertible debentures ?
14. What are the disadvantages of debt financing ?
15. What are the scope of Finance Function ?
16. What do you mean by Right issue ?
17. What is Secured Premium Notes ?

**Turn**

18. What do you mean by Economic Order Quantity ?
19. What do you mean by Certificates of Deposits ?
20. What do you mean by Indifference point ?
21. What are the importance of Capital Budgeting ?
22. What are the approaches for Working Capital Management.

(8 × 2)

### Part C

Answer any ~~six~~ questions. 4 marks each.

23. What are the Goals of Financial Management.
24. What do you mean by cost of Debt ?
25. Differentiate between Financial Management and Financial Accounting.
26. What are the important decisions for achievement of Wealth Maximisation ?
27. A companies requirement for 10 days are 6,300 units. The ordering cost per order is Rs. 10 carrying cost per unit is Rs. 0.26. You are required to calculate the EOQ.
28. Explain the Baumal's model of Cash Management.
29. What are the limitation of a profit maximisation objective of Financial Management.
30. What are the determinants of Dividend Policy ?
31. Write a short note on :
  - (a) Cash management.
  - (b) Stable Dividend Policy.
  - (c) Finance Function.
  - (d) Capital structure.

(6 × 4)

### Part D

Answer any two questions. 15 marks each.

32. Discuss the conflicts in Profit verses Wealth maximisation principle of the firm.
33. Critically examine Miller–Orr Cash management model.
34. Capital structures of ABC Ltd. given as under :

Equity share capital	...	25,00,000
Reserves	...	5,00,000
Debentures	...	10,00,000
		<hr/>
		40,00,000
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The cost component before tax are : Equity Share Capital 16 %, Debentures 9 %. Tax rate 4  
Compute WACC.

35. What are the complexities involved in Capital Budgeting decisions ?

(2 × 15 :