



22102690

QP CODE: 22102690

Reg No :

Name :

BBA DEGREE (CBCS) REGULAR EXAMINATIONS, AUGUST 2022

Fourth Semester

Bachelor of Business Administration

Core Course - BA4CRT16 - FINANCIAL MANAGEMENT

2020 Admission Only

7050034B

Time: 3 Hours

Max. Marks : 80

Part A

*Answer any **ten** questions.*

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

1. Why the term profit is considered as a vague and ambiguous concept?
2. What is the major function performed by a finance committee?
3. Mention any two merits of raising funds from a commercial bank.
4. Write any two source of debt financing.
5. What is fluctuating working capital?
6. What is qualitative concept of working capital?
7. How do we compute the cost of debt issued at par?
8. Define optimum capital structure.
9. What is combined leverage?
10. What is dividend?
11. Explain in brief the Modigliani -Miller model of dividend policy.
12. Write any two assumptions of Walter's model of dividend policy.

(10×2=20)

Part B

*Answer any **six** questions.*

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





13. Explain the relevance of economics to Financial Management.
14. Explain Wealth maximisation approach.
15. What is Retained Earnings? What are advantages of using Retained earnings as a source of long term fund?
16. What is a Preference Share? What are the merits of Preference Shares?
17. Write any two strategies used for delaying payments.
18. Explain the various costs with respect to maintenance of receivables.
19. A company issued 10,000, 10% preference share of Rs. 10 each, Cost of issue is Rs. 2 per share. Calculate cost of capital, of these shares are not issued (a) at par , (b) at 10% premium, and (c) at 5% discount.
20. A firm 's cost of equity (K_e) is 18%, the average income tax rate of shareholders is 30% and brokerage cost of 2% is excepted to be incurred while investing their dividends in alternative securities. Compute the cost of retained earnings.
21. What benefits are available to an Indian Company when it issues bonus shares?

(6×5=30)

Part C

*Answer any **two** questions.*

*Each question carries **15** marks.*

22. Explain the objectives of Financial management. What are the important functions performed by a Financial manager?
23. Classify various sources of funds on the basis of period and explain each source.
24. What are the factors determining working capital? Also explain disadvantages of excessive and inadequate working capital.
25. Explain various types of leverage. What are its uses. Also show the difference between Financial and operating leverage.

(2×15=30)

