

23U335

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Name: .....

Reg.No: .....

**THIRD SEMESTER B.B.A. DEGREE EXAMINATION, NOVEMBER 2024**

(CBCSS - UG)

(Regular/Supplementary/Improvement)

**CC19U BBA3 B05 - FINANCIAL MANAGEMENT**

(BBA - Core Course)

(2019 Admission onwards)

Time : 2.5 Hours

Maximum : 80 Marks

Credit : 4

**Part A** (Short answer questions)

Answer *all* questions. Each question carries 2 marks.

1. What is discounting technique?
2. Distinguish between capital structure and financial structure.
3. Sales are 5, 00,000; variable cost is 70% of sales. Fixed cost is Rs. 1, 00,000. What is operating leverage?
4. What is implicit cost?
5. A ltd issued Rs. 1, 00,000 – 8% debentures at par. The tax rate applicable to the company is 50%. Compute the cost of capital.
6. What is composite cost of capital?
7. What do you understand by capital budgeting?
8. What is Benefit cost ratio?
9. What is special working capital?
10. Define operating cycle.
11. What is optimum cash Balance?
12. What is ageing schedule of inventories?
13. What is scrip dividend?
14. What is relevance concept of dividend?
15. What is Gordon's Dividend model?

**(Ceiling: 25 Marks)**

**Part B** (Paragraph questions)

Answer *all* questions. Each question carries 5 marks.

16. What are the major type of financial management decisions that business firms take?
17. Distinguish between profit maximisation and wealth maximisation.
18. What is optimum capital structure? What are the requisites of optimum capital structure?

19. What is financial leverage? State its importance and limitations.
20. Explain how cost of preference share capital is determined.
21. A project cost Rs. 5,00,000 and yields annually a profit of Rs. 80,000 after depreciation @12% p.a. but before tax of 50%. Calculate the pay -back period.
22. Initial outlay- Rs. 50000, Life of the asset- 5 years and Estimated annual cash flow- Rs.12500. Calculate IRR.
23. Explain Modigliani and Miller - irrelevance theory. State its assumptions.

**(Ceiling: 35 Marks)**

**Part C (Essay questions)**

Answer any *two* questions. Each question carries 10 marks.

24. Equity shares of a company are currently selling at Rs. 134 each. It is currently paying a dividend of Rs. 3.50 per share. The dividend is expected to grow at 15% for six years and at 8% thereafter. Compute the cost of equity.
25. What do you mean by Estimation of working capital requirement? Explain in detail about the various methods of estimating working capital requirement.
26. Calculate the operating cycle and amount of working capital from the following: Period covered 360 days.

	2019 (Rs.)	2020 (Rs.)
Raw material inventory	18000	20400
Work in progress	12500	14500
Finished goods inventory	10000	15000
Receivables	26500	29500
Creditors(trade)	11000	13000
Consumption of raw materials	82200	87800
Purchases	85000	90200
Cost of goods sold	125000	140000
Sales	136000	156000

27. What is dividend policy? Explain the factors affecting dividend policy.

**(2 × 10 = 20 Marks)**

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