25U260 (Pages: 2) Name : ....

Reg. No : ....

SECOND SEMESTER UG DEGREE EXAMINATION, APRIL 2026

(FYUGP)

(Regular/Supplementary/Improvement)

CC24UBBA2CJ102 - FINANCIAL MANAGEMENT

(B.B.A. - Major Course)

(2024 Admission onwards)

Time: 2.0 Hours Maximum: 70 Marks

Credit: 4

Part A (Short answer questions)

Answer ***all*** questions. Each question carries 3 marks.

1. What is compound interest, and how does it differ from simple interest? [Level:2] [CO1]
2. List and briefly describe two sources of debt financing. [Level:2] [CO1]
3. What is the cost of capital? State the importance of cost of capital. [Level:1] [CO2]
4. How to calculate NPV ? [Level:2] [CO3]
5. What is capital expenditure? [Level:2] [CO3]
6. What is Gordons dividend model? [Level:2] [CO4]
7. What are the factors affecting dividend policy? [Level:2] [CO4]
8. Explain Internal Rate of Return [Level:2] [CO4]
9. A firm has capitalisation rate of 10%, earnings per share is Rs.12, Assumed that rate of return on investment is (i) 16%, (ii) 18%, (iii) 10%. Show the effect of dividend policy on market price of shares using walter's model at a payout ration of 100%. [Level:3] [CO4]
10. Meaning of optimal dividend policy. [Level:2] [CO4]

(Ceiling: 24 Marks)

Part B (Paragraph questions/Problem)

Answer ***all*** questions. Each question carries 6 marks.

11. Mr.Y deposits at the end of every year Rs.1000 in a bank which pays 12% compound interest p., for 8 years what will be the total amount standing to his credit at the end of 8th year. [Level:3] [CO1]

12. Explain the key features of debentures as a source of financing. How do convertible and non-convertible debentures differ? [Level:2] [CO1]

13. The share of a company are selling at Rs. 80 per share. The company had paid a divident of Rs. 8 per share last year. When investors expect a growth rate of 5% per year. i) calculate cost of equity share capital, ii) expected to growth rate is 7% per anum, calculate market price per share. [Level:3] [CO2]

14. What are the merits and demerits of payback period? [Level:2] [CO3]

15. What are the advantages and disadvantages of PI method? [Level:2] [CO3]

16. State the importance of capital budgeting decisions. [Level:2] [CO3]

17. Write a brief note on Weighted average cost of capital. [Level:2] [CO2]

18. What is Gordons dividend model? [Level:2] [CO4]

(Ceiling: 36 Marks)

Part C (Essay questions)

Answer any ***one*** question. The question carries 10 marks.

19. X limited has the following amount of a specific cost of each cost of capital given. Preference share capital Book value Rs. 1,50,000, market value Rs. 1,75,000, specific cost 13%., Equity shares Book value Rs. 3,00,000, Market value Rs. 14,00,000, specific cost 18%., retained earnings Book value Rs. 2,00,000, market value 0, specific cost 0., Debt capital Book value Rs. 1,00,000, market value Rs. 1,20,000, specific cost 11%. determine the weighted average cost of capital under book value weight and market value weight. [Level:3] [CO2]

20. How to calculate NPV method? What are the merits and demerits of NPV method? [Level:3] [CO3]

(1 × 10 = 10 Marks)

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