



QP CODE: 21102780

Reg No : .....

Name : .....

**BBA DEGREE (CBCS) EXAMINATIONS, OCTOBER 2021**

**Fourth Semester**

Bachelor of Business Administration

**Core Course - BA4CRT16 - FINANCIAL MANAGEMENT**

2019 Admission only

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Time: 3 Hours

Max. Marks : 80

**Part A**

*Answer any **ten** questions.*

*Each question carries 2 marks.*

1. What is profit maximisation approach?
2. What is the role of a finance committee in a well organised business?
3. Write any two merits of retained earning as a source of long term finance.
4. What is a preference share?
5. Write any 4 sources of permanent working capital.
6. What is concentration banking?
7. How do we compute the cost of retained earnings?
8. What do you mean by traditional approach of capital structure?
9. What is combined leverage?
10. What is dividend?
11. Explain in brief the dividend policy theory given by James E Walter.
12. What is stock dividend?

(10×2=20)

**Part B**

*Answer any **six** questions.*

*Each question carries 5 marks.*





13. "The modern approach views Financial management in a broad sense " - Explain.
14. What is Wealth Maximization Approach? What are its merits?
15. How the Trade credit is used by a business organisations as a source of short-term financing?
16. Explain the various sources of debt financing available to an Indian Business man.
17. "The availability of Raw material without interruption would some times affect working capital". Explain.
18. What are the four key factors in a firm's credit policy?
19. Define cost of capital. Explain the significance of cost of capital.
20. What is Optimum Capital Structure? Mention any four factors influencing the capital structure decision of an Indian company.
21. Write a note on the dividend irrelevance theory by Modigliani and Miller.

(6×5=30)

### Part C

*Answer any **two** questions.*

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

22. Why Financial management is Considered as an important management function? Give a specimen organisation chart for the finance function in a large corporate enterprise.
23. Write an essay on various bank sources and specialised financial institutions used by an Indian business man for raising funds.
24. From the following data, compute the duration of operating cycle.

Stock:	Rs
Raw materials	20,000
Work-in-progress	14,000
Finished goods	21,000
Purchases	96,000
Cost of goods sold	1,40,000
Sales	1,60,000
Debtors	32,000
Creditors	16,000
Assume 350 Days per year for computational purposes.	





25. A firm has the following capital structure and after-tax costs for the different sources of funds used :

You are required to compute the weighted average cost of capital.

Source of Funds	Amount Rs	Proportion %	After-tax cost %
Debt	16 000	20	4
preference Shares	11 000	25	8
Equity Shares	17 000	30	12
Retained Earnings	16 000	25	11
Total	<u>60 000</u>	<u>100</u>	

(2×15=30)

