



**QP CODE: 23106039**

**Reg No** : .....

**Name** : .....

**BBA DEGREE (CBCS) IMPROVEMENT / REAPPEARANCE EXAMINATIONS,  
MARCH 2023**

**Fourth Semester**

Bachelor of Business Administration

**CORE COURSE - BA4CRT16 - FINANCIAL MANAGEMENT**

2017 Admission Onwards

A4C5D577

Time: 3 Hours

Max. Marks : 80

**Part A**

*Answer any **ten** questions.*

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

1. What is traditional approach to financial management?
2. What are the merits of wealth maximisation approach?
3. Write any two merits of raising funds through issuing equity shares.
4. What are the limitations of debt financing?
5. How does the length of production cycle influence working capital?
6. What is defaulting cost?
7. How do we compute the cost of redeemable debt?
8. What do you mean by weighted average cost of capital?
9. What is financial leverage?
10. What is an irregular dividend policy?
11. What is the theory of relevance with respect to dividend decision?
12. What is cash dividend?

(10×2=20)





### Part B

Answer any **six** questions.

Each question carries **5** marks.

13. How is finance related to other disciplines?
14. How the Finance Function is organised in a modern business organisation?
15. What is a Public deposit?
16. How discounting of Bills of Exchange can be used as a source of finance?
17. Explain the need for working capital.
18. Explain the various concepts of working capital.
19. AB Ltd issues 10,000 equity shares of Rs. 100 each at a premium of 10%. The company has been paying 20% dividend to equity shareholders for the past five years and expects to maintain the same in the future also. Compute the cost of equity capital.
20. Explain the Modigliani and Miller Approach of Capital structure.
21. What are the assumptions and drawbacks of Modigliani -Miller Model of dividend policy.

(6×5=30)

### Part C

Answer any **two** questions.

Each question carries **15** marks.

22. What is profit maximisation approach? What are its demerits? How the wealth maximisation approach overcomes the drawbacks of profit maximisation?
23. Write an essay on various long term and short term funds used by an Indian business man for raising funds.
24. What are the objectives of cash management? Also explain the various cash management techniques .
25. A company is planning to raise Rs. 20,00,000 for setting up a project. The company expects, EBIT of Rs. 8,00,000 from the project. Following alternative plans are available :
  - (a) To raise Rs. 20,00,000 by way of equity share of Rs. 10 each.
  - (b) To raise Rs. 10,00,000 by way of equity shares and Rs. 10,00,000 by way of debt @





10%.

(c) To raise Rs. 6,00,000 by way of equity and rest Rs. 14,00,000 by way of preferences shares @ 14%.

The company is in 50% tax bracket, Which option is best?

(2×15=30)

