

E 7187

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Reg. No.....

Name.....

B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2019

Fifth Semester

Core Course—FINANCIAL MANAGEMENT

(2013—2016 Admissions)

Time : Three Hours

Maximum Marks : 80

Part A

*Answer all questions.
Each question carries 1 mark.*

1. What do you mean by profit maximization ?
2. What do you mean by discounting ?
3. What do you mean by overall cost of capital ?
4. What is conservative dividend policy ?
5. What do you mean by arbitrage ?
6. What do you mean by market value weights ?
7. What do you mean by ploughing back of profit ?
8. What are shares ?
9. Name any *two* factors affecting working capital of an organisation.
10. What is leverage ?

(10 × 1 = 10)

Part B

*Answer any eight questions.
Each question carries 2 marks.*

11. Write a note on time value of money.
12. How does business cycle affect the working capital requirement of an organization.
13. Write a note on liquidity.
14. Differentiate equity shares from preference shares.
15. What do you mean by permanent working capital.

Turn over

16. What do you mean by operating cycle ?
17. What is capital gearing ?
18. What is creditorship capital ?
19. Write a note on Net Operating Income approach.
20. Define financial leverage.
21. What is Optimum Capital Structure ?
22. What is historical cost.

(8 × 2 = 16)

Part C

*Answer any six questions.
Each question carries 4 marks.*

23. Give arguments to support the view that dividends are irrelevant.
24. Define the scope of financial management. What role should the Financial manager play in a modern enterprise ?
25. Debt is the cheapest source of fund, explain.
26. Give arguments to support the view that dividends are relevant.
27. Explain Net Income approach.
28. What are the different methods of estimating working capital needs of an organisation ?
29. Explain open end mutual funds.
30. Define cost of Capital. Explain the process of calculating specific and overall cost of capital.
31. Explain the purpose of issuing Right issue shares by a Company.

(6 × 4 = 24)

Part D

*Answer any two questions.
Each question carries 15 marks.*

32. Explain the factors that determine working capital needs of an organisation.
33. Write an essay on the various sources of short term financing.
34. Differentiate between operating and financial leverage.
35. Differentiate profit maximisation and Wealth maximization goals of an organisation.

(2 × 15 = 30)