



K18U 0967

Reg. No. :

Name :

IV Semester B.B.A./B.B.A.T.T.M./B.B.A.R.T.M. Degree
(CBCSS – Reg./Sup./Imp.) Examination, May 2018
(2014 Admn. Onwards)
Core Course
4B09 BBA/BBA(TTM)/BBA(RTM) : FINANCIAL MANAGEMENT

Time : 3 Hours

Max. Marks : 40

Answer **all** questions. **Each** question carries $\frac{1}{2}$ mark.

1. Define Financial Management.
2. What is weighted average cost of capital ?
3. What do you mean by payback period ?
4. What do you mean by cash ? (4× $\frac{1}{2}$ =2)

Answer **any four** questions. **Each** question carries **1** mark.

5. What do you mean by optimum capital structure ?
6. What is the concept of gross working capital ?
7. What is PI ?
8. Mention various motives for holding cash.
9. What do you mean by capital budgeting ?
10. What do you mean by EBIT – EPS analysis ? (4×1 =4)

Answer **any six** questions. **Each** question carries **3** marks.

11. Write a short note on JIT.
12. What is ARR ? How is it calculated ?
13. Explain the following :
 - a) Over capitalisation
 - b) Under capitalisation.

P.T.O.



14. Compare NPV and IRR methods of capital budgeting.
15. What are the different factors influencing capital structure ?
16. AB Ltd. proposes to install a new machine in its plant at a cost of Rs. 20 lakhs. The company expects that the investment will make additional cash inflow of Rs. 4 lakhs per year. The company has another alternative in which a similar machine can be imported at a cost of Rs. 30 lakhs and in that case the annual cash inflow of the firm would increase by Rs. 8 lakhs. Calculate payback period of both the machines.
17. Explain the concept of net working capital.
18. Discuss the objective of profit maximization. (6×3=18)

Answer **any two** questions. **Each** question carries **8** marks.

19. What is meant by working capital ? What are the determinants of working capital needs of an enterprise ?
20. Define the concept of cost of capital. Explain its components.
21. From the following information calculate the NPV of two projects and suggest which of the two projects should be accepted assuming a discount rate of 10%.

	Project X	Project Y
Initial investment	Rs. 20,000	Rs. 30,000
Estimated life	5 years	5 years
Scrap value	Rs. 1,000	Rs. 2,000

The profits before depreciation and after tax are as follows :

	Year 1	Year 2	Year 3	Year 4	Year 5
X	5000	10000	10000	3000	2000
Y	20000	10000	5000	3000	2000
p.v. @10%	0.909	0.826	0.751	0.683	0.621

(2×8=16)