

**(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2022 ONLY)**

22UBM305

REG.NO. : _____

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI
END-OF-SEMESTER EXAMINATIONS : NOVEMBER-2023**
COURSE NAME: B.B.A **MAXIMUM MARKS: 50**
SEMESTER: III **TIME : 3 HOURS**

PART - III

FINANCIAL MANAGEMENT

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1 . What does investment stand for?

- a) Approximate increase in the national stocks
- b) The application of funds for the products and services employed for the production process
- c) Use of funds for the assets with the purpose to earn returns
- d) Applying money to buy a flat or a house

2. The ultimate concern of Financial Management is:

- a) To arrange the funds
- b) Effective management of all the business
- c) Receiving the maximum profit
- d) To acquire and utilize every aspect of financial resources in order to maintain the firm activities

3. The finance manager's role is to:

- a) Ensures that the funds are properly utilized
- b) Maintains the financial health
- c) Effective supervision of capital
- d) Obtains capital assets of the organization

4. In the share market, the market value of any share is decided by:

- a) Shareholders
- b) The government
- c) Investment market
- d) The respective companies

5. The ultimate purpose of Financial management is:

- a) To get a maximum return
- b) To increase the wealth of owners
- c) To have a maximum risk factor
- d) To get a maximum profit

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. State the primary objective of Financial management..
7. What are the objectives of financial planning?
8. What is meant by capital budgeting decision?
9. When is financial leverage considered favorable?
10. What is Working Capital?

SECTION – B

(5 X 3 = 15 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) Explain the Objectives of Financial management.

(OR)

- b) Outline the functional areas of financial management.

(CONTD 2)

12.a) "To avoid the problem of shortage and surplus of funds, what is required in Financial management? Name the concept and explain four points of importance
(OR)

b) What are the essentials of a sound capital mix?

13.a) What is meant by capital structure? What are the major determinants of capital structure?
(OR)

b) Discuss the different types of dividends. Explain its merits and demerits.

14.a) What are the components of capital budgeting analysis?
(OR)

b) Calculate the payback period for the following projects.

The project outflow is Rs.80, 000/-

YEAR	PROJECT – A in Rs./- (Cash Inflow)	PROJECT- B (Cash inflow)
1 Year	20000	15000
2 Year	30000	25000
3 Year	20000	30000
4 Year	20000	20000
5 Year	40000	13000

15.a) Discuss the various sources of working capital funds
(OR)

b) What do you understand by Working Capital? What factors would you take into considerations in estimating the working capital need of a concern?

SECTION – C (5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4 (Or) K5)

16. a) Distinguish between operating leverage and financial leverage?
(OR)

b) What are the sources of short term finance?.

17.a) Critically evaluate the utility of preferred stock as a means of obtaining long term funds.
(OR)

b) What is meant by capital structure? What are the major determinants of capital structure?

18. a) Explain the types and methods involved in Capital budgeting?
(OR)

b) What is the importance of cost of capital? Discuss the problems in determining it.

19.a) What are the various methods involved in preparation of capital budgeting?
(OR)

b) Calculate the net present value of following projects. The project outflow is Rs.40, 000/- @ 8% PV-Factor

YEAR	PROJECT – A in Rs./- (Cash Inflow)	PROJECT- B (Cash inflow)	8% PV Factor
1 Year	15000	12000	0.926
2 Year	18000	14000	0.857
3 Year	21000	16000	0.794
4 Year	24000	18000	0.735
5 Year	27000	20000	0.681

20.a) Describe the need and importance of working capital in a business..
(OR)

b) What is credit policy? What are the elements of credit policy of a firm?
