

**(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2023 ONLY)**

23UBM305

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS): POLLACHI

END-OF-SEMESTER EXAMINATIONS: NOVEMBER-2024

COURSE NAME: B.B.A

MAXIMUM MARKS: 75

SEMESTER: III

TIME: 3 HOURS

PART - III

FINANCIAL MANAGEMENT

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. Investment can be defined as _____.
 - a) Person's dedication to purchasing a house or flat
 - b) Use of capital on assets to receive returns
 - c) Usage of money on a production process of products and services
 - d) Net additions made to the nation's capital stocks
2. Which of the following factors affecting the cost of capital can be controlled by the firm?
 - a) Tax rates
 - b) Dividend policy
 - c) Level of interest rates
 - d) All of the above
3. The term Leverage in general refers to a _____.
 - a) Relationship between fixed cost and profit.
 - b) Relationship between sales and fixed cost.
 - c) Relationship between two inter-related variables.
 - d) Relationship between two unrelated variables.
4. Retained earnings are _____.
 - a) An indication of a company's liquidity.
 - b) The same as cash in the bank.
 - c) Not important when determining dividends.
 - d) The cumulative earnings of the company after dividends.
5. When is the working capital requirement of a business not likely to be high?
 - a) The nature of business is trading
 - b) Scale of operation of a business is small
 - c) It is difficult to procure raw material
 - d) The rate of inflation is low

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.

(K2)

6. What is the primary goal of financial management?
7. What is operating leverage?
8. What are the components of capital structure?
9. Expand ARR.
10. Write the objectives of working capital management.

SECTION – B **(5 X 5 = 25 MARKS)**

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

11. a) List the Objectives of Financial Management.
(OR)
b) Identify the Scope of Financial Management.

(CONTD.....2)

12.a) Explain the Importance of Cost of Capital.
(OR)
b) Compare the Financial Leverage and Operating Leverage.

13.a) Assess the Determinants of Capital Structure.
(OR)
b) List the Determinants of Dividend Policy.

14.a) Delta Company is planning to purchase a machine known as machine X. Machine X would cost Rs.25,000 and would have a useful life of 10 years with zero salvage value. The expected annual cash inflow of the machine is Rs. 10,000. Compute payback period of machine X and conclude whether or not the machine would be purchased if the maximum desired payback period of Delta company is 3 years.
(OR)
b) List the types of Capital Budgeting.

15.a) Describe the Determinants of Working capital
(OR)
b) Assess the Objectives of Receivables Management.

SECTION – C**(5 X 8 = 40 MARKS)**

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

16. a) Compare Profit maximization and Wealth maximization.
(OR)
b) Determine the Sources of Finance.

17.a) Discuss Cost of Specific Sources of capital.
(OR)
b) Construct the weighted average cost of capital.

18. a) Determine Factors influencing capital structure.
(OR)
b) Justify the Classification of Dividend Policy.

19.a) Discuss the Capital Budgeting Process.
(OR)
b) The cost of a project is Rs.50,000 and it generates cash inflows of Rs.20,000, Rs.15,000, Rs.25,000, and Rs.10,000 over four years. Using the present value index method, appraise the profitability of the proposed investment, assuming a 10% rate of discount.

20.a) Influence the Importance of Working Capital Management.
(OR)
b) Categorize the Strategies of cash management.
