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**G. VENKATASWAMY NAIDU COLLEGE (AUTONOMOUS), KOVILPATTI – 628 502.**

**UG DEGREE END SEMESTER EXAMINATIONS - APRIL 2025.**

(For those admitted in June 2023 and later)

**PROGRAMME AND BRANCH: B.B.A.**

SEM	CATEGORY	COMPONENT	COURSE CODE	COURSE TITLE
III	PART - III	CORE - 6	U23BB306	FINANCIAL MANAGEMENT

**Date & Session: 24.04.2025/FN**
**Time : 3 hours**
**Maximum: 75 Marks**

Course Outcome	Bloom's K-level	Q. No.	<b>SECTION – A (10 X 1 = 10 Marks)</b> <b>Answer ALL Questions.</b>
CO1	K1	1.	What is the primary goal of financial management? a) Maximizing sales revenue b) Maximizing profit c) Maximizing shareholder wealth d) Minimizing costs
CO1	K2	2.	Which of the following is NOT a function of financial management? a) Investment decisions b) Dividend decisions c) Marketing strategy d) Financing decisions
CO2	K1	3.	The time value of money concept states that: a) Money received today is worth more than the same amount in the future b) Money loses value over time due to inflation c) Future money is worth more than present money d) Both a and b
CO2	K2	4.	Which financial statement shows a company's financial position at a specific point in time? a) Income Statement b) Cash Flow Statement c) Balance Sheet d) Profit and Loss Statement
CO3	K1	5.	The weighted average cost of capital (WACC) is used to: a) Calculate the total assets of a company b) Determine the optimal capital structure c) Measure the profitability of a project d) Find the minimum return required to satisfy investors
CO3	K2	6.	What is the primary difference between debt financing and equity financing? a) Debt financing requires repayment, while equity financing does not b) Equity financing involves loans from banks c) Debt financing does not require interest payments d) Equity financing is cheaper than debt financing



CO4	K4	14a.	Write down the provisions in company law for declaring dividend. <b>(OR)</b>
CO4	K4	14b.	Illustrate the M.M. Hypothesis Dividend model.
CO5	K5	15a.	Elucidate the factors influencing working capital. <b>(OR)</b>
CO5	K5	15b.	Generalise the benefits of working capital calculation.

Course Outcome	Bloom's K-level	Q. No.	<div>SECTION – C (5 X 8 = 40 Marks)</div> <div>Answer <u>ALL</u> Questions choosing either (a) or (b)</div>												
CO1	K3	16a.	Describe the functions of financial management. (OR)												
CO1	K3	16b.	Identify the role of financial manager in financial management.												
CO2	K4	17a.	List out the methods for determining debt and equity proportion of capital structure. (OR)												
CO2	K4	17b.	ABC Ltd., an Indian company, wants to calculate its cost of equity using the Capital Asset Pricing Model (CAPM). The following data is available: a) Risk-free rate ( $R_f$ ) = 6% (10-year Government bond yield) b) Market return ( $R_m$ ) = 14% (Expected return on NIFTY 50 index) c) Beta ( $\beta$ ) of ABC Ltd. = 1.2 Calculate the cost of equity ( $K_e$ ) using the CAPM formula.												
CO3	K4	18a.	Write a short note on ARR, IRR and capital rationing. (OR)												
CO3	K4	18b.	XYZ Ltd. is planning to invest in a new project that requires an initial investment of ₹10,00,000. The expected cash inflows from the project are as follows: <table><tr><th>Year</th><th>Cash Inflow (₹)</th></tr><tr><td>1</td><td>3,00,000</td></tr><tr><td>2</td><td>2,50,000</td></tr><tr><td>3</td><td>2,00,000</td></tr><tr><td>4</td><td>2,50,000</td></tr><tr><td>5</td><td>1,50,000</td></tr></table> Calculate the Payback Period, which is the time required to recover the initial investment.	Year	Cash Inflow (₹)	1	3,00,000	2	2,50,000	3	2,00,000	4	2,50,000	5	1,50,000
Year	Cash Inflow (₹)														
1	3,00,000														
2	2,50,000														
3	2,00,000														
4	2,50,000														
5	1,50,000														
CO4	K5	19a.	Summarise the factors affecting dividend payment. (OR)												
CO4	K5	19b.	Analyse the Walters gardens model method of calculating dividend												
CO5	K5	20a.	Enumerate the components of working capital. (OR)												
CO5	K5	20b.	XYZ Ltd., an Indian company, provides the following financial details: <b>Current Assets:</b> Cash: ₹50,000 Accounts Receivable: ₹1,20,000 Inventory: ₹2,30,000 Prepaid Expenses: ₹20,000												

			<b>Current Liabilities:</b> Accounts Payable: ₹90,000 Short-term Loans: ₹1,10,000 Outstanding Expenses: ₹30,000 Calculate the Working Capital and determine if the company has sufficient short-term liquidity.
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