

(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2021 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS : DECEMBER-2022

COURSE NAME: B.B.A

MAXIMUM MARKS: 70

SEMESTER: III

TIME : 3 HOURS

**PART - III**

**FINANCIAL MANGEMENT**

**SECTION - A**

**(10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.**

**MULTIPLE CHOICE QUESTIONS. K1**

1. The word finance comes from the Latin word \_\_\_\_\_.  
a) finis      b) finan      c) finans      d) finans.
2. Which of the following is not a theory of capital structure?  
a) NI approach      b) NOI approach  
c) composite cost approach      d) MM approach
3. Which of these is not a determinant of dividend policy?  
a) Stability of dividend      b) Equality share holder  
c) Availability of liquid cash      d) Bonus share.
4. Under \_\_\_\_\_method, the risk incorporated in capital budgeting by modifying the expected cash inflows instead of adjusting discount rate.  
a) Risk –adjusted discount rate      b) Certainly equivalent  
c) Decision tree      d) Sensitivity analysis
5. The period which is extended is known as \_\_\_\_\_.  
a) Credit period      b) Credit standard      c) Credit policy      d) Credit term

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES. K2**

6. Explain financial management.
7. Define operating leverage.
8. Define dividend.
9. Interpret “risk” in capital budgeting?
10. Infer on working capital.

**SECTION – B**

**(5 X 4 = 20 MARKS)**

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

11. a) Examine the scope of financial management.  
(OR)  
b) Discover the objectives of financial management.
- 12.a) Describe the various methods of computing cost of debt capital.  
(OR)  
b) Examine the rational behind the use of weight average cost of capital .How will you determine?

13.a) Sketch the factors that should be considered in determining the capital structure of a company.

(OR)

b) Compare stock split and stock dividend.

14.a) From the following data , Show which project is better.

	Project A	Project B
Cash flows :	Rs	Rs
Year 0	-10,000	-10,000
1	4,000	5,000
2	4,000	6,000
3	2,000	3,00

Risk discount rate is 5 % Project A is less risky as compared to project B. The management considers risk premium rates at 5 % and 10 % respectively appropriate for discounting the cash inflows.

(OR)

b) Show the objectives of capital budgeting.

15.a) List the importance of working capital.

(OR)

b) Interpret the Credit Policies.

### SECTION - C

(4 X 10 = 40 MARKS)

#### ANSWER ANY FOUR OUT OF SIX QUESTIONS

(16<sup>th</sup> QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS

(FROM Qn. No : 17 to 21)

K4&K5

16. Outline the main functions of financial management.
17. Classify the types of debentures.
18. Compare operating leverage and financial leverages
19. Opinion on different types of dividend polices.
20. Prioritize the various methods of capital budgeting.
21. Discuss the determining of working capital in financial management.

\*\*\*\*\*