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B.B.A. DEGREE EXAMINATION, APRIL 2011.

Sixth Semester

Business Administration — Main

FINANCIAL MANAGEMENT

(For those who joined in July 2008 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Finance function refers to

- (a) Procurement of fund and their effective utilization
- (b) Raising of funds
- (c) Allocation of funds for effective utilization
- (d) None of the above

2. Working capital is required for

- (a) Permanent Investment
- (b) Temporary Investment
- (c) Day to Day running of an enterprise
- (d) None of the above

3. Financing includes Depreciation fund and retained earnings are called as

- (a) Internal financing (b) Loan financing
- (c) Security financing (d) Trade Credit

4. Expansion for CARE

- (a) Credit analysis and Research ltd.
- (b) Credit analysis and rare earth ltd
- (c) Correspondence analysis and repayment entry
- (d) None of the above

5. The excess of current Assets over current liabilities is _____

- (a) Gross Working Capital
- (b) Net working capital
- (c) Variable working capital
- (d) None of the above

6. The Operating Cycle can be called as
- (a) Boom
 - (b) Depression
 - (c) Working capital cycle
 - (d) Fixed capital cycle
7. The cost associated with placing an order is
- (a) Ordering cost
 - (b) Carrying cost
 - (c) Annual consumption
 - (d) None of the above
8. In ABC analysis 'A' stands for
- (a) More costly items
 - (b) Less costly items
 - (c) Least costly items
 - (d) None of the above
9. The general forms of dividend are
- (a) Bond dividend (b) Stock dividend
 - (c) Cash dividend (d) All the above
10. When earnings justify a dividend is _____
- (a) Scrip Dividend (b) Bond Dividend
 - (c) Property Dividend (d) Stock Dividend

PART B — (5 × 5 = 25 marks)

Answer ALL questions choosing either (a) or (b).

11. (a) Write any four basic principles of Financial Decisions.

Or

- (b) What are the finance manager functions?

12. (a) What is cost of capital?

Or

- (b) What are the types of Securities?

13. (a) What is hedging?

Or

- (b) What is Cash Management?

14. (a) Explain EOQ.

Or

- (b) What is Re-order Point?

15. (a) What is stock dividend?

Or

- (b) What do you mean by Dividend?

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

16. (a) Explain the functions of financial management.

Or

- (b) Explain the scope of financial Management.

17. (a) Explain innovative sources of financing.

Or

- (b) Explain the cost of equity fund approaches.

18. (a) Explain the factors determining the working capital requirements.

Or

- (b) Explain cash management objectives and importance of it.

19. (a) Explain the objectives of Inventory Management.

Or

- (b) Explain on capital budgeting evaluation methods.

20. (a) Explain the determinants of Dividend Policy?

Or

- (b) Explain the types of lease financing.