

KAMARAJ COLLEGE (Autonomous)

Accredited with A+ Grade by NAAC

(Affiliated to Manonmaniam Sundaranar University, Tirunelveli)

(3 Pages)

Reg. No.....

Question Code: 26E02615

Course Code: 24UMBA42

UG Degree - End Semester Examinations, April 2026

Fourth Semester

B.B.A

Financial Management

(For those who joined in July 2024 onwards)

Time : 3 Hours

Maximum : 75 Marks

PART - A (10 × 1 = 10 Marks)

Answer ALL Questions

Choose the correct answer:

- CO:1 1. The primary objective of Financial Management is:
- K:1 (a) Profit maximization (b) Wealth maximization
(c) Cost minimization (d) Sales maximization
- CO:1 2. Which of the following is a financial decision?
- K:1 (a) Production decision (b) Marketing decision
(c) Investment decision (d) Personnel decision
- CO:2 3. Equity shareholders receive returns in the form of:
- K:1 (a) Interest (b) Rent
(c) Dividend (d) Commission
- CO:2 4. EBIT–EPS analysis is used to study:
- K:2 (a) Liquidity position (b) Capital structure
(c) Working capital (d) Dividend policy
- CO:3 5. Payback Period method considers:
- K:1 (a) Time value of money (b) Risk factor
(c) Cost of capital (d) Recovery of initial investment
- CO:3 6. Which capital budgeting technique uses discounting?
- K:2 (a) ARR (b) Payback Period
(c) NPV (d) Accounting Profit
- CO:4 7. Bonus shares are also known as:
- K:1 (a) Cash dividend (b) Stock dividend
(c) Interim dividend (d) Preference dividend

- CO:4 8. Walter's Model is related to:
K:2 (a) Capital structure (b) Capital budgeting
(c) Dividend policy (d) Working capital
- CO:5 9. Working capital refers to:
K:1 (a) Fixed assets (b) Current assets minus current liabilities
(c) Share capital (d) Long-term funds
- CO:5 10. Factoring service mainly improves:
K:2 (a) Production efficiency (b) Inventory turnover
(c) Cash flow (d) Capital structure

PART - B (5 X 5 = 25 Marks)

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

Answer should not exceed 250 words.

- CO:1 11. (a) Explain the role and functions of a Finance Manager.

K:3 **(OR)**

- (b) Distinguish between Profit Maximization and Wealth Maximization.

- CO:2 12. (a) Discuss the factors determining Capital Structure.

K:3 **(OR)**

- (b) Explain the significance of EBIT–EPS analysis.

- CO:3 13. (a) Describe the Payback Period method of capital budgeting with merits and demerits.

K:3

(OR)

- (b) Illustrate the concept of Net Present Value (NPV).

- CO:4 14. (a) Examine the factors affecting Dividend Policy.

K:4 **(OR)**

- (b) Paraphrase Gordon's Dividend Model in detail.

- CO:5 15. (a) Classify the concept and components of Working Capital.

K:3 **(OR)**

- (b) Describe the Operating Cycle of a business firm.

PART – C (5 X 8 = 40 Marks)

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

Answer should not exceed 500 words.

CO:1 16. (a) Enumerate the importance of Financial Decisions in
K:4 achieving organizational objectives.

(OR)

(b) Financial Decisions and Investment Decisions is Crucial for a business success – comment.

CO:2 17. (a) Examine the theories of Capital Structure.

K:4

(OR)

(b) Analyze the Long term and short term sources of capital for business.

CO:3 18. (a) Discuss about Capital Budgeting techniques and justify the
K:5 superiority of discounted cash flow methods.

(OR)

(b) Elucidate the practical limitations of IRR as a capital budgeting technique.

CO:4 19. (a) Critically analyze Walter's Dividend Model in detail.

K:5

(OR)

(b) Assess the relevance of M.M. Hypothesis in dividend decision-making.

CO:5 20. (a) Analyze the importance of effective Working Capital
K:4 Management in business.

(OR)

(b) Case Study:

“Effective Cash Reserve Management of Company X”

Examine the strategies adopted by the company to maximize returns, maintain liquidity and enhance shareholder value.