

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)

**BBA DEGREE EXAMINATION DECEMBER 2025**  
(Fourth Semester)

Branch - **BUSINESS ADMINISTRATION/ BUSINESS ADMINISTRATION(LOGISTICS)**

**FINANCIAL MANAGEMENT**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer **ALL** questions

ALL questions carry **EQUAL** marks

$(10 \times 1 = 10)$

Question No.	Question	K Level	CO
1.	Finance is the life blood of a _____ a) Business      b) Capital c) Debenture      d) Both A and B	K1	CO1
2.	Financial management is a area of financial _____ a) Shares      b) Debentures c) Decision making      d) None of these	K2	CO1
3.	Cost of capital refers to _____ a) Expenses incurred      b) Equity c) Investment      d) Both A and B	K2	CO2
4.	In walter model formula D stands for _____ a) Dividend per share      b) Direct dividend c) Direct earnings      d) All of these	K1	CO2
5.	The term capital structure differs from financial _____ a) Services b) Management c) Structure d) Both A and B	K1	CO3
6.	Write operation leverage formula _____ a) contribution / EBIT b)EBIT/EBT c) EBIT/Contribution d) None of these	K2	CO3
7.	Retained earnings are _____ a) Internal sources of fund b) External sources c) Both d) All of these	K1	CO4
8.	Dividend can be paid in the form of _____ a) Share b) Security c) Voucher d) Both A and B	K2	CO4
9.	Working capital refers to the firms investment in current assets. a) Zero b) Net c) Gross d) Both A and B	K2	CO5
10	A _____ net working capital occurs when current liabilities are in excess of current assets. a) Positive b) Excessive c) Zero d) Negative	K2	CO5

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**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks  $(5 \times 7 = 35)$ 

Question No.	Question	K Level	CO
11.a)	Explain the various types of Hire purchasing. (OR)	K2	CO1
11.b)	List out the scope of financial management.	K1	
12.a)	Describe the various types of cost of capital. (OR)	K3	CO2
12.b)	An investment proposal is expected to request in advantage annual income of Rs. 8,00,000 of the depreciation and tax. If the investment needed is Rs. 40,00,000 initially. Compute the ARR on original investment.		
13.a)	From the following data, calculate operating and financial leverage Earnings before interest and tax Rs. 20,00,000 Profit after tax Rs. 9,60,000 Operating fixed cost Rs. 15,00,000 Tax rate 40% Preferences dividend Rs. 2,40,000.	K4	CO3
13.b)	(OR)	K3	
14.a)	Elaborate the various types of leverages.	(OR)	CO4
14.b)	Classify the different types of dividend policy. Imaaz ltd gives you the following information Expenses Rs.12 Cost of capital (k) 10% Return on investment (r) 10% Find out the market price per share using Gordon model. If the payout ratio is 50%.		
15.a)	Analyse the objectives of cash management. (OR)	K5	CO5
15.b)	Evaluate the format of working capital requirements.		

**SECTION -C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks  $(3 \times 10 = 30)$ 

Question No.	Question	K Level	CO
16.	Explain the various role of finance manager.	K1	CO1
17.	From the following information ascertain the net present value assuming the initial investment is Rs. 2,00,000. Year cash inflow Discount factors @10% 1 90,000 0.909 2 90,000 0.826 3 80,000 0.751 4 80,000 0.683 5 60,000 0.621	K3	CO2
18.	The Operation and cost data Izhaan ltd are as follows Sales 40,000 units at Rs. 10 per unit Variable cost of Rs. 7.50 per unit Fixed cost Rs. 50,000 ( including 15% interest on Rs.2,00,000) Calculate operating, financial and combined leverages.		
19.	The following information relates to star ltd. Earnings per share Rs.9 . Internal rate of return 18%. Cost of capital 12%. Payout ratio 33.33%. Compute market price under the walter model.	K4	CO4
20.	Evaluate the determinants of working capital requirements.	K5	CO5