



K26U 1118

Reg. No. :

Name :

IV Semester B.B.A./B.B.A. (RTM)/B.B.A. (HA) Degree (CBCSS – OBE –
Supplementary/Improvement) Examination, April 2026

(2020 to 2023 Admissions)

CORE COURSE

4B07BBA/BBA (RTM)/4B07BBH : Financial Management

Time : 3 Hours

Max. Marks : 40

SECTION – A
(Very Short Answer)

Answer **all** questions. **Each** question carries **one** mark.

1. What do you mean by Retained Earnings ?
2. What is Revolving Capital ?
3. Differentiate between Financial Structure and Capital Structure.
4. Write a short note on EOQ.
5. What is Profitability Index ?
6. What do you mean by Lead Time ?

(6×1=6)

SECTION – B
(Short Answer)

Answer **any six** questions. **Each** question carries **two** marks.

7. Briefly explain Balance Sheet Concept of working capital.
8. What are the essential features of a sound capital mix ?
9. A company has 10 lakh equity shares, its market value is Rs. 60, with earnings of Rs. 90 lakh. Compute the cost of equity share capital.

P.T.O.



10. Differentiate between Under Capitalization and Over Capitalization.
11. What do you mean by Trade Credit ? What are its advantages ?
12. Write a short note on NPV.
13. What do you mean by Financial leverage ?
14. Mention any four factors influencing the size of receivables. (6×2=12)

SECTION – C

(Essay)

Answer **any four** questions. **Each** question carries **three** marks.

15. A project is estimated to cost Rs. 10,000. The expected cash inflows are :
Year – 1 : Rs. 5,000, Year – 2 : Rs. 6,000, Year – 3 : Rs. 4,000, Year – 4 : Rs. 3,000
and Year – 5 : Rs. 2,000 Present value factor at 10% are
Year 1 – 0.909, Year 2 – 0.826, Year 3 – 0.751, Year 4 – 0.683 and Year 5 – 0.621.
Compute Discounted Payback Period.
16. Differentiate between Net Income approach and Net Operating Income approach.
17. Explain briefly the advantages and disadvantages of ARR.
18. What is the need of working capital in business ?
19. A project cost Rs. 10,00,000 and yield annually a profit of Rs. 2,00,000 after depreciation @10% but before tax of 50%. Calculate Payback Period.
20. What do you mean by ABC analysis ? (4×3=12)



SECTION – D
(Long Essay)

Answer **any two** questions. **Each** question carries **five** marks.

21. Compute operating cycle in days.

Period covered	365 days
Average period of credit allowed by suppliers	16 days
	(Rs.'000)
Debtors outstanding	480
Raw material consumption	4,400
Total production cost	10,000
Sales	10,500
Average stock :	
Raw material	320
Work in progress	350
Finished goods	260

22. What is Financial Management ? Explain the scope of Financial Management.

23. Compute NPV and suggest whether to accept or reject the proposal.

The details are given below :

Cost of installation	Rs. 5,00,000
Additional working capital	Rs. 1,00,000
Scrap	Nil
Expected rate of return	15%
Annual cash inflows (Before depreciation and tax)	
1 year	Rs. 1, 50,000
2 year	Rs. 2, 35,000
3 year	Rs. 3,00,000
4 year	Rs. 1,60,000

PV factor at 15% : 0.870, 0.756, 0.658 and 0.572

24. What is Capital Budgeting ? Briefly explain the Capital Budgeting process.

(2×5=10)