QP CODE: D2BBA2505	(Pages: 2)	Reg. No : ....
		Name : ....

SECOND SEMESTER FYUGP EXAMINATION, APRIL 2026

(Regular/Improvement/Supplementary)

Discipline Specific Core (DSC) Courses - Major

BBA2CJ102 : Financial Management

(Credits: 4)

Time: 2 Hours | **Maximum Marks: 70**

Section A

Answer the following questions. Each carries 3 marks (Ceiling: 24 marks)

1.	What is Venture Capital? Mention two characteristics of venture capital financing.	BL1	CO2
2.	Explain EBIT-EPS Analysis.	BL1	CO1, CO2
3.	Explain the concept of Optimal Capital Structure.	BL1	CO1, CO2
4.	What are the key factors affecting working capital requirements?	BL1	CO1, CO2, CO3
5.	Mention the major steps in the Capital Budgeting Process.	BL1	CO2, CO3
6.	Define financial Management.	BL2	CO2, CO3
7.	Explain the importance of optimal capital structure decision.	BL2	CO1, CO2
8.	Distingusih between capital structure and financial structure.	BL2	CO1, CO2
9.	What is the Irrelevance Theory of Dividend Policy?	BL1	CO1, CO3
10.	Define Net Present Value (NPV) and explain its significance in investment decision-making.	BL2	CO2, CO3

Section B

Answer the following questions. Each carries 6 marks (Ceiling: 36 Marks)

11.	What is an annuity? Explain the difference between an ordinary annuity and an annuity due with example.	BL2	CO2, CO3
12.	A company issued 1000 7% preference shares of Rs100 each at a premium of 10% redeemable after 5 years at par. Compute the cost of preference capital.	BL3	CO1, CO2

(PTO)

13.	A company wants to compare two projects using Scenario Analysis. What factors should it consider?	BL4	CO2, CO3
14.	A project has an IRR of 12%, while the company's cost of capital is 10%. Should the company accept the project? Justify your answer.	BL3	CO2, CO3
15.	Compare the advantages and disadvantages of raising funds through debentures vs. preference shares.	BL4	CO1, CO2
16.	A company needs funding and is considering either Private Equity investment or Debt Financing. Evaluate the pros and cons of each.	BL5	CO2
17.	Explain how you would determine the cost of the various components of the capital structure of a company.	BL5	CO1, CO2
18.	X Ltd has issued 40000 equity shares of Rs100 each as fully paid. The current market price of these shares is Rs160. The company has paid a dividend of Rs12 per share. Find out the cost of equity capital.	BL3	CO1, CO2
Section C			
Answer any one question. Each carries 10 marks (1 x 10 = 10 Marks)			
19.	For each of the following projects, compute a) Pay back period b) Post pay back profitability PROJECT A Initial Investment= Rs100000 Annual cash flows = Rs20000 Estimated life 8 years PROJECT B Initial Investment= Rs100000 Annual cash inflows First 3 years 30000 Next 5 years 10000 Estimated life 8 years.	BL3	CO2, CO3
20.	Compare and contrast stable dividend policy, constant payout ratio policy, and residual dividend policy stating the benefits and drawbacks of each policy.	BL4	CO2, CO5
	CO : Course Outcome		
	BL : Bloom's Taxonomy Levels (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)		