

QP CODE: D2BBA2504		(Pages: 2)		Reg. No :	
				Name :	
SECOND SEMESTER FYUGP EXAMINATION, APRIL 2026					
(Regular/Improvement/Supplementary)					
Discipline Specific Core (DSC) Courses - Minor					
BBA2MN101 : 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 a Stock Warrant?	BL2	CO1, CO2, CO3, CO4, CO5		
2.	Give the meaning of future value single cashflow? Give the formulae.	BL1	CO1, CO2, CO3, CO4, CO5		
3.	What is cost of irredeemable debentures?	BL1	CO1, CO2, CO3, CO4, CO5		
4.	List out the different theories of Capital structure.	BL2	CO1, CO2, CO3, CO4, CO5		
5.	What is scrap value ?	BL1	CO1, CO2, CO3, CO4, CO5		
6.	State the disadvantages of MIRR.	BL2	CO1, CO2, CO3, CO4, CO5		
7.	Mention the advantages of IRR.	BL2	CO1, CO2, CO3, CO4, CO5		
8.	What is stock dividend ?	BL2	CO1, CO2, CO3, CO4, CO5		
9.	State irrelevance concept of dividend policies.	BL2	CO1, CO2, CO3, CO4, CO5		
10.	Enlist the assumptions of Walters Model.	BL2	CO1, CO2, CO3, CO4, CO5		
Section B. Answer the following questions. Each carries 6 marks (Ceiling: 36 Marks)					
11.	Explain different types of Continuous Compounding.	BL3	CO1, CO2, CO3, CO4, CO5		
12.	List out some advantages and disadvantages of Equity Shares.	BL2	CO1, CO2, CO3, CO4, CO5		
13.	What is WACC and Marginal Cost of Capital How it is computed?	BL2	CO1, CO2, CO3, CO4		
14.	Project X and Y are having initial investment of ₹5000 and ₹1,00,000 respectively. Their present values of cash inflows are ₹60,000 and ₹1,12,000. Calculate profitability index .	BL3	CO1, CO2, CO3, CO4, CO5		
15.	Explain Walters dividend model and assumptions.	BL2	CO1, CO2, CO3, CO4, CO5		
16.	Discuss Modigillani Miller irrelevance theory.	BL2	CO1, CO2, CO3, CO4, CO5		
(PTO)					

17.	A company has to choose one of the following two mutually exclusive projects .investment required for each project is ₹ 15000. Both the projects have to be depreciated on straight line basis .Tax @ 50% is to be provided. Calculate pay back period. <table><tr><th>Year</th><th colspan="2">Profit before depreciation</th></tr><tr><th></th><th>Project A ₹</th><th>Project B ₹</th></tr><tr><td>1</td><td>4200</td><td>4200</td></tr><tr><td>2</td><td>4800</td><td>4500</td></tr><tr><td>3</td><td>7000</td><td>4000</td></tr><tr><td>4</td><td>8000</td><td>5000</td></tr><tr><td>5</td><td>2000</td><td>10,000</td></tr></table>	Year	Profit before depreciation			Project A ₹	Project B ₹	1	4200	4200	2	4800	4500	3	7000	4000	4	8000	5000	5	2000	10,000	BL2	CO1, CO2, CO3, CO4, CO5
Year	Profit before depreciation																							
	Project A ₹	Project B ₹																						
1	4200	4200																						
2	4800	4500																						
3	7000	4000																						
4	8000	5000																						
5	2000	10,000																						
18.	The following information is available in respect of A ltd. Earnings per share ₹ 10 Cost of capital 10% Find out the market price of the shares under different rates of return of 8% ,10% and 15% for different payout ratios of 40% ,80% and 100%.	BL2	CO1, CO2, CO3, CO4, CO5																					

Section C

Answer any one question. Each carries 10 marks (1 x 10 = 10 Marks)

19.	A Ltd expects annual net operating income of 2,00,000. It has ₹5,00,000 outstanding debt. Cost of debt is 10%. If the overall capitalisation rate is 12.5%, what would be the total value of the firm and equity capitalisation rate (cost of equity) according to NOI approach? What will be the effect of the following on the total value of the firm and equity if: (a) The firm increases the amount of debt from ₹5,00,000 to ₹7,50,000 and uses the proceeds of the debt to repurchase equity shares. (b) The firm returns the debt of 2,50,000 by issuing fresh equity shares of the same amount.	BL3	CO1, CO2, CO3, CO4, CO5																								
20.	No project is acceptable unless the yield is 10% .Cash inflows of a certain project along with cash outflow are given below <table><tr><td>Year</td><td>Outflow ₹</td><td>Inflow ₹</td></tr><tr><td>0</td><td>1,50,000</td><td></td></tr><tr><td>1</td><td>30,000</td><td>20,000</td></tr><tr><td>2</td><td></td><td>30,000</td></tr><tr><td>3</td><td></td><td>60,000</td></tr><tr><td>4</td><td></td><td>80,000</td></tr><tr><td>5</td><td></td><td>30,000</td></tr><tr><td></td><td></td><td>40,000 (salvage value at the end of 5 years)</td></tr></table>	Year	Outflow ₹	Inflow ₹	0	1,50,000		1	30,000	20,000	2		30,000	3		60,000	4		80,000	5		30,000			40,000 (salvage value at the end of 5 years)	BL3	CO1, CO2, CO3, CO4, CO5
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