QP CODE: D4BAF2401	(Pages: 2)	Reg. No	:	....
		Name	:	....

FOURTH SEMESTER FYUGP EXAMINATION, APRIL 2026

Discipline Specific Core (DSC) Courses - Major

AFA4CJ203 : 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 meant by efficient utilization of funds?	BL2	CO1, CO2, CO3
2.	What is a capital investment decision?	BL2	CO1, CO2, CO3
3.	Comment on irredeemable preference share.	BL2	CO1, CO2, CO3
4.	What is meant by constant payout ratio?	BL2	CO1, CO2, CO3
5.	What is an annuity?	BL2	CO1, CO2, CO3
6.	State any four functions of Financial Management.	BL2	CO1, CO2, CO3
7.	Explain Net Present Value method.	BL2	CO1, CO2, CO3
8.	Describe the role of retained earnings as a source of finance.	BL2	CO1, CO2, CO3
9.	Explain stock dividend with advantages.	BL2	CO1, CO2, CO3
10.	Differentiate between risk and uncertainty.	BL2	CO1, CO2, CO3

Section B

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

11.	Calculate the payback period for a project costing ₹40,000 with annual cash inflow of ₹10,000. Also mention its advantages and disadvantages.	BL2	CO1, CO2, CO3
12.	Calculate profitability index for a project with present value of cash inflows ₹1,20,000 and investment of ₹1,00,000.	BL4	CO1, CO2, CO3
13.	Explain the concept of weighted average cost of capital.	BL2	CO1, CO2, CO3
14.	Explain Walter's model of dividend policy.	BL2	CO1, CO2, CO3
15.	Explain why value maximization is considered a better objective.	BL3	CO1, CO2, CO3

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16.	Discuss profit maximization as an objective of Financial Management.	BL3	CO1, CO2, CO3
17.	Explain the concept of cost of equity capital.	BL2	CO1, CO2, CO3
18.	A firm sells 90,000 units of a product. The selling price per unit is ₹ 8 and the variable cost per unit is ₹4. Fixed cost for the year amounts to 3,20,000. Calculate OL and DOL, if it sells (a) 95,000 units, (b) 75,000 units.	BL3	CO1, CO2, CO3
	Section C		
	Answer any one question. Each carries 10 marks (1 x 10 = 10 Marks)		
19.	As a finance manager, explain how you would decide dividend policy of a company.	BL5	CO1, CO2, CO3
20.	ABC Ltd. has 25,000 equity shares outstanding as on date. Currently the shares of the company is being traded at a price of ₹ 125 per share. It is expected that the firm would pay dividend of ₹ 5 per share in the next year. The firm has project in hand requiring new investment of ₹ 5,00,000. The shareholders expected rate of return is 12% and the firm is expected to have net profit of ₹ 3,50,000 at the end of the year. Illustrate MM approach that payment of dividend has no impact on the value of the firm.	BL3	CO1, CO2, CO3
	CO : Course Outcome		
	BL : Bloom's Taxonomy Levels (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)		