QP CODE: D4BIB2403	(Pages: 2)	Reg. No : ....
		Name : ....

FOURTH SEMESTER FYUGP EXAMINATION, APRIL 2026

Discipline Specific Core (DSC) Courses - Major

BIB4CJ206 : CORPORATE FINANCE

(Credits: 4)

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

Section A

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

1.	Who is a Financial Manager?	BL1	CO1
2.	Define Capital Budgeting.	BL1	CO1, CO2, CO3, CO4
3.	What is cash conversion cycle?	BL2	CO1, CO2, CO3, CO4, CO5
4.	Retention or Distribution of profits, which is good? Give your opinion.	BL2	CO1, CO2, CO3, CO4, CO5
5.	State any three important assumptions of Modigliani and Miller (MM) theory without tax.	BL1	CO1, CO2, CO3, CO4, CO5
6.	State any three objectives of Business Finance.	BL1	CO1
7.	What is Payback Period method?	BL1	CO1, CO2, CO3, CO4
8.	Define financial risk.	BL1	CO1, CO2, CO3, CO4, CO5
9.	Define a 'Growth Firm' according to Walter's Model.	BL2	CO1, CO2, CO3, CO4, CO5
10.	What is meant by trading on equity?	BL2	CO1, CO2, CO3, CO4, CO5

Section B

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

11.	Explain evolution of finance as a discipline.	BL5	CO1
12.	Suppose you deposit ₹2500 at the beginning of every year for 6 years in an SB account at 6 % compound interest. What will be your money value after 6 years?	BL3	CO1, CO2, CO3, CO4

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13.	A firm considering an expenditure of ₹ 60 Lakhs for expanding its operations. The relevant information is as follows: Number of Existing Equity Shares: 10 Lakhs Market Value of Existing Shares: 60 Net Earnings: 90 Lakhs Compute the cost of existing equity share capital and of new equity capital assuming that new shares will be issued at a price of ₹ 52 per share and the cost of new issue will be ₹ 2 per share.	BL3	CO1, CO2, CO3, CO4, CO5
14.	Discuss the main assumptions of the Modigliani-Miller (MM) model.	BL2	CO1, CO2, CO3, CO4, CO5
15.	A company issued 10,000, 10% Preference Shares of ₹100 each, redeemable after 10 years at a premium of 5%. The cost of issue is ₹2 per share. Compute the value (cost) of Preference Capital.	BL3	CO1, CO2, CO3, CO4, CO5
16.	Explain why Financial Management is considered a vital function of management.	BL5	CO1
17.	A project requires an investment of ₹50,000 and yields cash inflows of ₹15,000 per year for 5 years. The discount rate is 10%. Calculate NPV.	BL3	CO1, CO2, CO3, CO4
18.	Discuss the various factors affecting the capital structure.	BL2	CO1, CO2, CO3, CO4, CO5
	Section C		
	Answer any one question. Each carries 10 marks (1 x 10 = 10 Marks)		
19.	Explain the importance of working capital in business. What are the short term and long term sources of working capital finance?	BL5	CO1, CO2, CO3, CO4, CO5
20.	Discuss in detail the internal and external factors that determine dividend policy.	BL5	CO1, CO2, CO3, CO4, CO5
	CO : Course Outcome		
	BL : Bloom’s Taxonomy Levels (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)		