



K24U 2856

Reg. No. :

Name :

V Semester B.B.A. Degree (CBCSS – OBE – Regular/Supplementary/
Improvement) Examination, November 2024
(2019 to 2022 Admissions)
Core Course
I – FINANCE
5B12BBA : Advanced Financial Management

Time : 3 Hours

Max. Marks : 40

PART – A

(Answer all the questions. Each question carries 1 mark.)

1. What is financial planning ?
2. What is wealth maximisation ?
3. What do you mean by EOQ ?
4. What do you mean by the term 'Ageing Schedule' ?
5. What is Debtors Turnover Ratio ?
6. What is dividend policy ?

(6×1=6)

PART – B

(Answer any 6 questions. Each question carries 2 marks.)

7. Explain the different goals of financial management.
8. Describe the term 'Irrelevance Theory' in dividend.
9. Explain the various types of cash management techniques.
10. Explain the concept of working capital.

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11. Discuss the steps in financial planning.
12. Describe the concept of receivable management.
13. Explain the term operating cycle.
14. Describe net operating income approach in capital structure.

(6×2=12)

PART – C

(Answer any 4 questions. Each question carries 3 marks.)

15. Explain the determinants of working capital.
16. Differentiate the term operating, financial and combined leverage.
17. A company has earnings before interest and taxes of ₹ 5,00,000. It expects a return on its investment at a rate of 25%. You are required to calculate total value of the firm according to the Miller-Modigliani theory.
18. Explain the different motives of holding cash.
19. From the following information find out EOQ.
Annual Usage 10,000 units; Cost of placing and receiving one order ₹ 50;
Cost of materials per units ₹ 25; Annual carrying cost of one unit : 10% of inventory value.
20. Domino is an equity firm with a current cost of equity of 18%. The EBIT of the firm is ₹ 2,04,000 annually forever. Currently, the firm has no debt but is in the process of borrowing ₹ 5,00,000 at 9% interest. The tax rate is 34%. What is the value of the unlevered firm ?

(4×3=12)

PART – D

(Answer any 2 questions. Each question carries 5 marks.)

21. Explain the traditional and modern concept of financial management.
22. What is capital structure ? Explain the different theories of capital structure.



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23. ABC Ltd. has a capital of 10 lakhs in equity shares of ₹ 100 each. The shares currently quoted at par. The company proposes declaration of a dividend of ₹ 10 per share at the end of the current financial year. The capitalisation rate for the risk class to which the company belongs is 12%.

What will be the market price of the share at the end of the year, if

- i) A dividend is not declared ?
- ii) A dividend is declared ?

24. A firm's details are as under :

Sales (@ 100 per unit) ₹ 24,00,000

Variable Cost 50%

Fixed Cost ₹ 10,00,000

It has borrowed ₹ 10,00,000 @ 10% p.a. and its equity share capital is ₹ 10,00,000 (₹ 100 each). Consider tax @ 50%.

Calculate :

- a) Operating Leverage
- b) Financial Leverage
- c) Combined Leverage.

(2×5=10)