

**Q.P. Code – 16333**

**Third Semester B.B.M. Degree Examination,  
October/November 2019**

*(Non-CBCS Scheme) (RNS)*

**Management**

**FINANCIAL MANAGEMENT**

*Time : 3 Hours]*

*[Max. Marks : 80*

*Instructions to Candidates : Answers should be written in English only.*

**SECTION – A**

1. Answer any **TEN** sub-questions. Each carries 2 marks : **(10 × 2 = 20)**

- (a) What is market risk?
- (b) What is profit maximization?
- (c) Give the meaning of trade credit.
- (d) What is present value?
- (e) State the meaning of finance function.
- (f) What is contribution?
- (g) Give the meaning of capitalization.
- (h) State the types of risks.
- (i) What do you mean by debentures?
- (j) What are the different types of leverages?
- (k) What is EPS?
- (l) What do you mean by long term financing?



**SECTION – B**

Answer any **THREE** questions. Each question carries 5 marks :

**(3 × 5 = 15)**

2. Explain the functions of financial management.
3. What is trading on equity? What are its limitations?
4. Briefly explain the different goals of financial management.

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5. State the merits of debentures.
6. From the following information compute financial leverage.

Sales	:	Rs. 3,00,000
Variable cost	:	Rs. 1,00,000
Fixed cost	:	Rs. 1,00,000
Interest	:	Rs. 20,000

#### SECTION – C

Answer any **THREE** questions. Each question carries 15 marks :

(3 × 15 = 45)

7. Explain different types of shares.
8. Briefly explain the various sources of finance.
9. Define over capitalization. Explain the causes and remedies.
10. What are leverages? What are the importance of leverages? Explain the types of leverages.
11. The capital structure of 'Y' Company consists of an ordinary share capital of Rs. 10,00,000 (shares of Rs. 100 par value) and Rs. 10,00,000 of 10% debentures. Sales increased by 20% from 1,00,000 units to 1,20,000 units and the selling price is Rs. 10 per unit. Variable cost of Rs. 6 per unit, fixed expenses amounted to Rs. 2,00,000. The income tax rate is assumed to be 50%.

You are required to calculate :

- (a) Operating, financial and combined leverages.
  - (b) Earnings per shares (EPS) and also show change in EPS in percentage.
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