LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.A. DEGREE EXAMINATION – **ECONOMICS**

SIXTH SEMESTER – **APRIL 2025**

UEC 6503 – FINANCIAL MANAGEMENT

Date: 30-04-2025 Dept. No. Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

SECTION A - K1 (CO1)	
	Answer ALL the Questions **(10 x 1 = 10)**
1.	**Fill in the blanks**
a)	__________ is concerned with optimal procurement as well as utilisation of finance.
b)	The most popular form of business organisation for large scale business is------------------------
c)	----------------- committee recommended creation of separate category for NBFCS operating in microfinance sector
d)	------------------ means interest compounded more than once in a year
e)	Cost of capital serves as ------------ rate for capital investment decisions
2.	**Multiple Choice Questions**
a)	What is the primary goal of financial management? A) To minimise the risk B) To maximise the owner's wealth C) To maximise the return D) To raise profit
b)	Maximum number of membership in a private limited company (A) 02 (B) 50 (C) 25 (D) 200
c)	Largest commercial bank in India A) State Bank of India B) ICICI Bank C) Union Bank D) Bank of India
d)	Which of the following is NOT a source of working capital A) Commercial paper B) Over draft C) Discounting of bills D) Unsecured term loans
e)	Capital budgeting is the process of making investment decisions on A) Total expenditure B) Revenue expenditure C) Capital expenditure D) None of the above

	SECTION A - K2 (CO1)
	Answer ALL the Questions **(10 x 1 = 10)**
3.	**State True or False**
a)	The primary goal of financial management decisions is to maximise the price of firms stock
b)	Registration of partnership firms is compulsory
c)	Central bank of India is the oldest public sector bank in India
d)	Pradhan Mantri Jan Dhan Yojana was launched in the year 2014
e)	The cost of capital is the minimum rate of return that will maintain the value of a firms equity shares
4.	**Answer the following**
a)	Define Financial Management
b)	Write a note on Co-operative society
c)	List out the Financial instruments.
d)	What is meant by long term securities?
e)	State the meaning of Capital Budgeting.

SECTION B - K3 (CO2)

Answer any TWO of the following in 100 words each. **(2 x 10 = 20)**

5.	State the scope of financial management.
6.	Distinguish between Public company and private company
7.	Given the time value money as 10% you are required to find out the present value of future cash inflows that will be received over next four years

Year	Cash flows
1	1000
2	2000
3	3000
4	4000

8.	A Company issues 10% redeemable preference shares of Rs 1, 00,000 are redeemable at the end of the 10th year from the year of their issue. The underwriting costs is 2%. Calculate the effective cost of preference share capital.

SECTION C – K4 (CO3)

Answer any TWO of the following in 100 words each. **(2 x 10 = 20)**

9.	Explain the role of finance manager in changing scenario.
10.	List out the objectives of Securities Exchange Board of India
11.	Enumerate the various forms of financial institutions.
12.	Explain the methods of Capital budgeting.

SECTION D – K5 (CO4)	
Answer any ONE of the following in 250 words	**(1 x 20 = 20)**
13.	Explain the provisions relating to registrations for GST purpose. What are the advantages of introduction of GST Regime in the country?
14.	The following is the capital structure of X Ltd.

Source	Book value	Market Value	After tax cost%
Equity share capital (Rs 10 each)	45,000	90,000	14
Retained earnings	15,000		13
Preference share capital	10,000	10,000	10
Debentures	30,000	30,000	5

Calculate the overall cost of capital using (a) book value weights and (b) market value weights

SECTION E – K6 (CO5)	
Answer any ONE of the following in 250 words	**(1 x 20 = 20)**
15.	Discuss the various forms of organisation with their characteristics, merits & demerits.
16.	A company issues 10% irredeemable debentures of Rs.1, 00,000. The company is in 55% tax bracket. You are required to calculate the cost of debt before and after tax, if debentures are issued at (i) Par (ii) 10% discount and (iii) 10% premium.
