QP Code: D 122898	Total Pages: 2	Name:
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SECOND SEMESTER (CUFYUGP) DEGREE EXAMINATION, APRIL 2025

BBA

BBA2CJ102 / BBA2MN101- FINANCIAL MANAGEMENT

2024 Admission onwards

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

Section A

All Questions can be answered. Each Question carries 3 marks (Ceiling: 24 Marks)

1	What is Angel Investing?
2	A firm issue ₹15,00,000 in 9% debentures at a discount of 5%. If the tax rate is 30%, find the cost of debt after tax.
3	Define the Capital Asset Pricing Model
4	How is ROI different from ROE?
5	What is the present value of ₹50,000 to be received after 7 years, if the discount rate is 6% per annum?
6	What is Capital Budgeting?
7	A person receives ₹8,000 per year as a perpetuity. If the discount rate is 8%, find the present value.
8	What does the Walter's Model state?
9	A company retains earnings instead of paying dividends. If the cost of equity is 12% and tax on dividends is 5%, find the cost of retained earnings.
10	A firm has total equity of ₹10,00,000 and earns ₹1,50,000 after tax. Find ROE.

Section B

All Questions can be answered. Each Question carries 6 marks (Ceiling: 36 Marks)

11	A company is considering two financing options: Option 1: ₹5,00,000 equity (50,000 shares) Option 2: ₹2,50,000 equity (25,000 shares) & ₹2,50,000 debt at 12% interest. If EBIT is ₹1,20,000, find EPS for both options (assume no tax).
12	State the assumptions of the Modigliani-Miller (MM) approach.
13	A firm issues debenture of ₹2,00,000 at a 10% coupon rate. If the tax rate is 30%, calculate the after-tax cost of debt.
14	What is the role of venture capital in business growth?
15	If a stock's beta (β) is 1.5, the risk-free rate is 5%, and the market return is 10%, what is the cost of equity using CAPM?
16	How does the Net Operating Income (NOI) approach differ from the Net Income (NI) approach?
17	A sum of ₹1,00,000 is invested at 12% interest. After how many years will it double under compound interest?
18	How does the Gordon Model justify the relevance of dividends?

Section C	
Answer any ONE. Each Question carries 10 marks (1x10=10 Marks)	
19	A project has the following cash inflows and outflows: Initial Investment = ₹8,00,000 Expected Cash Flows: ₹3,00,000, ₹3,50,000, ₹2,50,000, ₹2,00,000 over 4 years Discount Rate = 12% Compute Modified Internal Rate of Return (MIRR) assuming reinvestment at 10%.
20	A company has a WACC of 11% and is considering two projects: Project A: Expected Return 10% Project B: Expected Return 14% Should the company accept or reject these projects based on WACC? Justify your answer.