Indian Maritime University

(A Central University, Govt of India)

End Semester Examinations – June 2026

Programme Name: BBA (Maritime Logistics)

Semester: II

Subject Code: UG32T2204

Subject Name: Financial Management

Date: 08.06.2026	Max Marks: 70
Duration: 03 Hrs	Pass Marks: 35

General Instructions

(i) All Sections (A, B & C) are to be attempted.
(ii) Options, if any, are specified in respective section.

Section A

Ten MCQs/Fill in the Blanks of 01 Mark each – Choose the correct answer as applicable.

1. Bills payable is a
(a) Long-term liability (b) Current liability
(c) Contingent liability (d) Non-operating expense

2. Which one of the following is not a function of finance?
(a) Investment decision (b) Capital structure
(c) Accounts management (d) Working capital

3. From among the following, identify the expense for which tax exemption cannot be claimed?
(a) Interest on long-term loan (b) Dividends paid
(c) Interest on unsecured loans (d) Interest on debentures

4. Which of the following sources of capital is considered to be hybrid capital?
(a) Equity share capital (b) Debentures
(c) Secured loans (d) Preference share capital

5. Internal rate of return is the rate at which the net present value of a project will be....
(a) Zero (b) Positive (c) Negative (d) None of these

6. _____________ refers to uniform cashflows at regular intervals.
(a) Annuity (b) Amortization (c) Fixed deposit (d) Recurring deposit

7. Which of the following is not a current asset?
(a) Trade receivables (b) Stock
(c) Advances taken (d) Bank balance

8. Which of the following is not a current liability?
(a) Outstanding expenses (b) Loss on sale of assets
(c) Bills payable (d) Cash credit

9. Which of the following is not an assumption of Walter Model of dividend theory?
(a) All financing is done through external sources
(b) Business risk of the firm does not change
(c) EPS and DPS does not change
(d) The firm has perpetual life

10. In Walter Model, 'b' refers to __________.
(a) payout rate (b) retention rate (c) Expected rate (d) Growth rate

Section B

Five Questions of 02 Marks each

11. Compare the terms compounding and discounting?

12. Write about Weighted Average Cost of Capital?

13. What is profitability index?

14. Brief the significance of working capital?

15. What are bonus shares?

Section C

Seven Questions of 10 Marks each of which any 05 questions to be answered.

16. What is financial management? Highlight the role of finance manager in modern organisations?

17. What are the various sources of long-term and short-term finance available for business organisations?

18. (a) Alpha Ltd has a surplus of Rs. 20 lacks available for the next 5 years. At the end of the period the firm will be needing the amount for investing in its business expansion. If the firm decided to invest the surplus in a scheme that offers a 13% per annum, how much would the amount grow to at the end of 5 years? (5 Marks)

(b) What are the objectives of Financial Management? (5 Marks)

19. (a) From the following, calculate the Weighted Average Cost of Capital? (7 Marks)

Source	Amount	Cost	Remarks
Equity	600,000	25%	Proposed Dividend
Reserves and surplus	100,000		
Debentures	300,000	14%	10 Years
Unsecured Loan	200,000	18%	Fixed

Debentures were issued at par and are redeemable at a discount of 5%. Tax rate is 40%.

(b) Equity shares of a company are currently traded at Rs. 50. The company expects to pay Rs. 6 per share at the end of the current year. Dividend per share is expected to grow by 8% per annum. Find the cost of equity using dividend growth model? (3 Marks)

20. From the following, calculate IRR and decide on the project that is acceptable?

	Project E (Rs.)	Project F (Rs.)
Initial Outlay	(10,000)	(10,000)
End of Year 1	8,000	1,000
2	2,000	1,000
3	1,000	2,000
4	1,000	10,000

21. Following is the cost sheet of PQR Ltd.

	Cost per unit
Raw material	Rs. 50
Direct labor	20
Overheads (including depreciation of Rs. 10/-)	40
Total Cost	110
Profits	20
Selling Price	130

Average raw material in stock is for one month. Average material in work-in-progress is for one month. Credit allowed by suppliers: one month; credit allowed to debtors: one month. Average time lag in payment of wages: 10 days; average time lag in payment of overheads 30 days. 25% of the sales are on cash basis. Cash balance expected to be Rs. 100,000. Finished goods remain in the warehouse for one month.

You are required to prepare a statement of the working capital needed to finance a level of the activity of 54,000 units of output. Production is carried on evenly throughout the year and wages and overheads accrue similarly. State your assumptions, if any, clearly.

22. Discuss the factors that influence the payment of dividends.

****