

Roll No.....

Total No. of Questions : 13]

[Total No. of Pages : 02

Paper ID [B0119]

(Please fill this Paper ID in OMR Sheet)

BBA (BB - 402) (S05) (O) (LE) (Sem. - 4th)

FINANCIAL MANAGEMENT

Time : 03 Hours

Maximum Marks : 75

Instruction to Candidates:

- 1) Section - A is **Compulsory**.
- 2) Attempt any **Nine** questions from Section - B.

Section - A

Q1)

(15 × 2 = 30)

- a) Objective of Financial Management.
- b) Scope of Financial Management as per traditional approach.
- c) Trading on equity.
- d) Pay Back Period Method.
- e) Cash Flows.
- f) Discount Rate.
- g) Tax shield on Cost of Debt.
- h) Cost of Equity.
- i) Opportunity cost of capital.
- j) Internal Equity.
- k) Net Working Capital.
- l) Permanent Working Capital.
- m) Preference Shares.
- n) Operating Leverage.
- o) Capital Structure.

Section - B

(9 × 5 = 45)

- Q2)** What is Financial Management? Explain the importance of Financial Management.
- Q3)** Explain the relationship between Investment and Financing Decisions.
- Q4)** How Wealth maximization is a superior objective than Profit maximization?
- Q5)** Critically evaluate the Walter's model for Dividend Policy.
- Q6)** What is Capital Budgeting? Explain the importance of Capital Budgeting.
- Q7)** Compare and Contrast NPV with IRR.
- Q8)** What is cost of capital? How will you calculate the cost of redeemable and irredeemable preference share capital?
- Q9)** X Ltd. is to decide regarding whether the project "A" whose details are given below should be accepted or rejected :
- Project A
Cash Outflow Rs. 12 Lacs
Life 5 years
Discount Rate 12%
Scrap Value Rs. 15000
Cash Inflow
- | Year | 1 | 2 | 3 | 4 | 5 |
|-------------|----|----|----|----|------------------|
| Cash Inflow | 40 | 35 | 20 | 15 | 40 (Rs. in Lacs) |
- Use NPV method of Capital Budgeting for evaluation of Proposal.
- Q10)** "Capital structure affects the value of the firm". Explain this statement with the help of theories of capital structure.
- Q11)** Write a note on factors affecting the capital structure.
- Q12)** "Working Capital is the blood in the nerves of the organization". Explain.
- Q13)** Explain the approaches to working capital finance.
