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Total No. of Questions : 09

BBA (2014 to 2017)/B.SIM (2014 & Onwards)/B.Sc. Business Economics(BBE) (2015 to 2017) (Sem.–4)

FINANCIAL MANAGEMENT

Subject Code : BBA-402

M.Code : 71204

Time : 3 Hrs. Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Student has to attempt any ONE question from each Sub-section.

SECTION-A

Q1. Answer the following :

a) Define financial management.

b) What are the limitations of payback period method?

c) How equity capitals differ from preference capital?

d) Discuss in detail public deposits.

e) Define operating leverage.

f) What do you mean by capital structure?

g) Define EVA.

h) What do you mean by retained earning?

i) Define takeover and sell offs.

j) What do you mean by benefit-cost - ratio?

SECTION-B

UNIT-I

Q2. Define the modern concept of finance. Discuss in detail the nature and scope and importance of finance functions. Comment on the emerging role of financial manager in India.

Q3. "The amount of fixed capital needed varies directly with the amount of fixed asset owned" Explain what are the factors that influence estimation of fixed asset requirements of business?

UNIT-II

Q4. There are two projects A and B. A has a service life of one years. The initial cash outlay for both the projects assumed to be Rs. 20,000 each. The cash proceed from project A (at the end of first year) amounts to Rs 24,000. The cash generated by project B at the end of fifth year is likely to be Rs. 40,200. Assume that the required rate of return is 10 percent Compute and compare NPV and IRR of the two projects.

Q5. Define the concept of capital budgeting. Discuss in detail with the help of examples the techniques of budgeting. How decision tree analysis approach can be used in capital budgeting decision?

UNIT-III

Q6. The capital structure of Adamus Ltd. in book value terms is as follows :

Equity capital (20 million shares, Rs.10 par)	Rs.200 million
Preference capital, 12 percent (500,000 shares, Rs.100 par)	Rs.50 million
Retained earnings	Rs.350 million
Debentures 14 percent (1,200,000 debentures, Rs.100 par)	Rs.120 million
Term loans, 13 percent	Rs.80 million
	Rs.800 million

The next expected dividend per share is Rs.2.00. The dividend per share is expected to grow at the rate of 12 percent. The market price per share is Rs. 50.00. Preference stock, redeemable after 10 years, is currently selling for Rs.85.00 per share. Debentures, redeemable after 5 years, are selling for Rs.90.00 per debenture. The tax rate for the company is 30 percent. Calculate the average cost of capital.

Q7. What do you mean by the equity shares and preference share? Explain the feature of equity shares and preference share. What are the pros and cons of equity shares from the company's and Investor's point of views? What is common between equity shares and preference share in India?

UNIT-IV

Q8. a) Define operating and financial leverage. How can you measure the degree of operating and financial leverage? Explain with an example.

b) What is the Indifference point in the EBIT- EPS analysis? How would you compute it?

Q9. Why should Inventory be held? Why is inventory management important? Explain the objectives of Inventory Management. Explain the steps involved in analysis investment in inventories with the examples.

NOTE : Disclosure of identity by writing mobile number or making passing re quest on any page of Answer sheet will lead to UMC against the Student.