

Exam. Code : 105404

Subject Code : 1468

**B.B.A. Semester—IV**  
**FINANCIAL MANAGEMENT**  
**Paper—BBA-403**

Time Allowed—3 Hours]

[Maximum Marks—50

**Note :—**(1) Attempt any **TEN** questions from Section-A. Each question carries 1 mark. Answer to each question upto 5 lines in length.

(2) Attempt any **TWO** questions each from Section-B and Section-C. Each question carries 10 marks. Answer to each question should not exceed 5 pages in length.

**SECTION—A**

1. Write short notes on the following :

- (i) Wealth Maximization
- (ii) Net Income approach of Capital Structure
- (iii) Objective of Financial Management
- (iv) Cash Credit Limit
- (v) Non-Cumulative Preference Shares
- (vi) Bonus Shares

- (vii) Accounting Rate of Return
- (viii) Cost of Capital
- (ix) Cash Flow vs. Profits
- (x) Gross Working Capital
- (xi) Mutually Exclusive Investment Projects
- (xii) Scenario Analysis.

### SECTION—B

2. Explain Traditional theory in detail regarding importance of Capital Structure. Explanation must be supported with the help of some hypothetical example.
3. Calculate the cost of capital in the following cases :
  - (a) X Ltd. issued 10% Debentures worth Rs. 100 for Rs. 120. These debentures will be redeemed at the end of 10<sup>th</sup> year at Rs. 130 per debenture. Tax rate is 50%. You are required to find out the cost of debentures.
  - (b) The current selling price of the stock of X Limited is Rs. 134 and the current dividend is Rs. 3.50. Dividend is expected to grow for next 6 years at 15%. The growth rate from 7<sup>th</sup> year onwards is expected to be 8%. Find the cost of equity share capital.

4. Write notes on the following :
  - (i) Commercial Papers
  - (ii) Certificate of Deposits
  - (iii) Deep Discount Bonds
  - (iv) Cost of Retained Earnings.
5. Explain the various functions of financial management.

### SECTION—C

6. Discuss the decision tree analysis technique of capital budgeting with the help of any example of your choice.
7. What is stable dividend policy? Discuss the pros and cons of stable dividend policy.
8. Explain the difference between operating and financial leverage. Also state the formulas used to measure operating and financial leverage.
9. Explain the factors affecting working capital requirement of a business.