Bachelor in Business Administration 4ᵗʰ Semester

FINANCIAL MANAGEMENT

Paper—BBA-403

Time Allowed—Three Hours]   [Maximum Marks—50

Note :— (1) Attempt any **TEN** questions from Section-A. Each question carries **1** mark. Answer to each question should be 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)   Liquidity Decisions.

(ii) Meaning of Financial Management.

(iii) Wealth Maximization.

(iv) Net Income Approach.

(v)   Cost of Retained Earnings.

(vi) Cost of capital.

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(vii) Commercial Paper.

(viii) Meaning of Dividend.

(ix) Payback period method.

(x) Combined Leverage.

(xi) Fixed working capital.

(xii) Discounted cash flow method.

SECTION—B

2. Discuss in detail various Finance Functions.

3. Calculate the cost of capital in the following cases :

   (a) A company issues 10,000 equity shares of Rs. 100 each at a premium of 10%. The company has been paying 25% dividend to equity shareholders for the past five years and expects to maintain the same in the future also. Compute the cost of equity capital.

   (b) XYZ Ltd. issues Rs. 10,00,000, 8% debentures at a premium of 10%. The tax rate applicable to the company is 60%. Compute the cost of debt capital.

4. What are the determinants of Capital structure ? Discuss in detail the M.M. Approach of Capital Structure.

5. Discuss in detail various long term sources of Finance.

SECTION—C

6. What is Dividend ? Discuss in detail various Forms of Dividend.

7. What is the difference between Net Present Value and Internal Rate of Return method ? Explain the procedure of computing them with the help of an example.

8. What is the difference between Operating Leverage and Financial Leverage ? Give hypothetical examples to explain the difference.

9. What is Risk Analysis in Capital Budgeting ? Discuss in detail the concept of Scenario Analysis.