

Exam. Code : 105404

Subject Code : 1386

Bachelor in Business Administration 4th Semester

FINANCIAL MANAGEMENT

Paper—BBA-403

Time Allowed—3 Hours] [Maximum Marks—50

SECTION—A

Note :— Attempt any ten questions from Section A. Answer to each question should be up to 50 words in length. Each question carries 1 mark.

1. Write short notes on the following :—

- (i) Present value
- (ii) Arbitrage
- (iii) Certificate of deposit
- (iv) Book value weights
- (v) Degree of financial leverage
- (vi) Optimal capital structure
- (vii) Trade Credit
- (viii) Operating Cycle of Business
- (ix) Negotiated financing
- (x) Inter-corporate dividend
- (xi) Hedging approach.
- (xii) Payback period method.

SECTION—B

Note :— Attempt any **two** questions from Section B. Answer to each question should be up to **5** pages in length. Each question carries **10** marks.

2. What are the decision making areas of financial management ? How is the goal of wealth maximization a better operative criterion than profit maximization ?
3. Explain the various sources of finance. What are the pros and cons associated with each source of finance ?
4. Critically examine the MM approach to capital structure. Explain with suitable example the arbitrage process of MM approach the equilibrium level.
5. Outline the basic steps involved in calculation of weighted average cost of capital. Why debt is the cheapest source of finance for a profit making firm ?

SECTION—C

Note :— Attempt any **two** questions from Section C. Answer to each question should be upto **5** pages in length. Each question carries **10** marks.

6. Explain the various approaches of Working Capital Management. What are the determinants of Working Capital Management ?
7. Compare and contrast NPV Vs. IRR as method of appraising Capital Investments. Which method is better and why ?
8. Differentiate between the business risk and financial risk of a firm. How are they measured by leverage ?
9. Discuss the factors and conditions that are relevant for evolving a dividend policy as well as those relating to the issue of bonus shares.