

Roll No. Total No. of Pages : 02

Total No. of Questions: 09

BBA (2013 to 2017)/B.SIM (2014 & Onwards)/B.Sc. Business Economics(BBE) (2015 to 2017) (Sem.-4)

FINANCIAL MANAGEMENT

Subject Code: BBA/BBE-402 Paper ID: [A2372]

Time: 3 Hrs. Max. Marks: 60

INSTRUCTION TO CANDIDATES:

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

SECTION-A

mings menefit-cost ratio d) Limitations of Capital budgeting e) NPV vs. Profitability Index f) Specific cost and g) On-1.

- g) Opportunity cost
- h) Differentiate between Capitalisation and Capital structure
- i) Essentials of sound capital mix
- j) Revolving capital

SECTION-B

UNIT-I

- 2. Should the goal of financial decision making be wealth maximisation or profit maximization? Discuss.
- 3. Critically evaluates the utility of Equity shares and Debentures as a mean of obtaining long term funds.

1 M-71204 (S12)-1964



UNIT-II

- What is Capital Budgeting? Discuss the various factors that influence the capital budgeting 4. decisions.
- 5. Given below is the data on a capital project X

Annual cost saving- Rs. 60, 000

Useful life- 4 years

Internal rate of return-15%

Profitability index- 1.064

Salvage value- Nil

Discount factor	15%	14%	13%	12%
1 year	0.869	0.877	0.885	0.893
2 year	0.756	0.769	0.783	0.797
3 year	0.658	0.675	0.693	0.712
4 year	0.572	0.592	0.613	0.636

suker com You are required to calculate for their project

- a) Initial cost of project
- b) Payback period
- c) Cost of capital
- d) Net Present value

- What is cost of capital? How it is computed? 6.
- 7. Company issues Rs. 10, 00,000 10% debentures at a discount of 5%. The debentures are redeemable after 5 years. Calculate before tax and after tax coat of debt, assuming the tax rate is 50%. What would be the difference if above debentures are issued at a premium of 10%.

UNIT-IV

- 8. Give a critical appraisal to the traditional approach and the MM approach to the problems of capital structure.
- 9. Explain the concepts of working capital. What are the factors affecting working capital requirement?

2 | M-71204 (S12)-1964