

Roll No.

Total No. of Pages : 02

Total No. of Questions : 07

BBA (Sem.-4)
FINANCE MANAGEMENT
Subject Code : BB-402
Paper ID : [C0219]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTION-B contains SIX questions carrying TEN marks each and students have to attempt any FOUR questions.

SECTION-A

Q1 Write short notes on :

- a) Optimum capital structure.
- b) Capital rationing.
- c) Significance of cost of capital in firm's decision making.
- d) Any 4 factors that affects the capital structure decisions.
- e) Cost of debt with suitable examples.
- f) Profitability Index.
- g) Difference between NPV and IRR of capital budgeting.
- h) Limitations of Pay back method.
- i) Arbitrage process of M M Approach in capital structure.
- j) Steps in capital budgeting process.

SECTION-B

- Q2 *“The objective of financial management is wealth maximization and non profit maximization”*. Comment.
- Q3 *“Investment, financing and Dividend Decisions all are inter related”*. Comment.
- Q4 Discuss the relative merits and demerits of different methods of appraising capital investment proposals. Which method would you prefer and why?
- Q5 a) An investment requires an outlay of Rs 4,00,000 and will generate annual profits of Rs50,000 before charging depreciation @10% p.a. and tax of 50% .Find the pay back method .
- b) Write a short note on overall cost of capital.
- Q6 How would you measure the cost of capital in making investment decisions?
- Q7 Difference between traditional approach and net operating income approach to capital structure.

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