

MAY 2013

Roll No.

Total No. of Pages : 02

Total No. of Questions : 07

BBA (Sem.-4th)**FINANCIAL MANAGEMENT**

Subject Code : BB-402 (2007 to 2011 Batch)

Paper ID : [C0219]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION 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 has to attempt any FOUR questions.

SECTION-A**I. Write short notes on :**

- a) Finance function
- b) Problems with IRR method
- c) Benefits of profitability index method
- d) Financing decision
- e) Discount rate
- f) Debt-tax shield
- g) Use of post payback method
- h) Importance of capital investment decisions
- i) Financial distress and use of debt
- j) Relevance of capital structure decision

SECTION-B

2. What is the goal of firm? Discuss how to measure the achievement of this goal?
3. What does the IRR signify? Do NPV and IRR criteria of evaluating investment proposals lead to the same acceptance-rejection and ranking decisions?
4. What is weighted average cost of capital (WACC)? How do we calculate it? What is the rationale behind using WACC?
5. What do you understand by cost of debt? How do we calculate it? Why cost of debt is cheaper than equity? Illustrate your answer.
6. Discuss MM Proposition-I to capital structure decision making. How is it different from NOI approach?
7. Write comprehensive notes on the following :
 - a) Long term vs. short term investment decisions.
 - b) Capital structure and firm value.

