

Roll No.

57531

BBA 4th Semester (N. S.) 2014-17

Examination – May, 2019

FINANCIAL MANAGEMENT

Paper : BBAN-301

Time : Three Hours] [Maximum Marks : 80
Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard, will be entertained after examination.

Note : Attempt compulsory Question No. 1 from Section – A and four questions from Section – B (one question from each Unit). All questions carry equal marks.

SECTION – A

1. Briefly explain the following :
 - (a) Profitability
 - (b) Future value of an amount
 - (c) Investment decisions
 - (d) Risk adjusted discounted rate

- (e) Elements of capital structure
- (f) Indifference point
- (g) Retained earnings
- (h) Inventory carrying costs

SECTION – B

UNIT – I

2. Discuss the importance of financial management in an organisation. What role does the finance manager of a modern organisation play ?
3. (a) Compare and contrast profit maximisation and wealth maximisation.

(b) Explain the meaning of time value of money and its importance for a finance manager.

UNIT – II

4. Cash flows of a project are as follows :

Year	0	1	2	3	4
Cash flows (Rs.)	10,000	5,000	4,000	3,000	2,000

Find the IRR of the project.

5. Explain the meaning and significance of cost of capital. Also differentiate among explicit, implicit, opportunity and marginal costs.

UNIT – III

6. Diagrammatically explain and illustrate the traditional approach to capital structure. Highlight the major criticism of this approach.
7. For a company, EBIT is Rs. 20,00,000 : PAT is Rs. 9,60,000; operating fixed cost is Rs. 15,00,000, tax rate is 40% and preference dividend is Rs. 2,40,000.

Calculate :

- (i) Operating, financial and combined leverage
- (ii) Financial BEP and
- (iii) Percentage drop in sales to make EPO equal to zero.

UNIT – IV

8. Explain the importance, elements and determinants of dividend policy.
9. Write notes on :
 - (a) Importance and types of working capital
 - (b) Credit policy