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BBA 4th Semester (NS) 2014-17

Examination, May-2023

FINANCIAL MANAGEMENT

Paper-BBAN-401

Time allowed : 3 hours]

[Maximum marks : 80

Note : All questions of Section-A are compulsory. Attempt any four questions from Section-B, selecting at least one question from each unit.

Section-A

1. Briefly explain the following :
 - (a) Future Value of an amount
 - (b) Investment Decisions
 - (c) Dividend Decision
 - (d) Operating leverage
 - (e) Operating cycle
 - (f) Objectives of cash management
 - (g) Cost of capital
 - (h) Carrying cost

Section-B

Unit-I

2. "Scope of Finance Function has changed over time."
What role finance manager play in modern time.
3. By taking example, critically solve the future value of an annuity and single cash flow.

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Unit-II

4. Briefly explain the methods of calculating different cost of capital.
5. A company is considering an investment proposal to purchase a machine costing Rs. 3,20,000. The machine has a life expectancy of 5 years and has a salvage value of Rs.20,000. The Company's tax rate is 40%. The firm uses straight line depreciation method. The estimated cash flow before depreciation and tax (CFBT) from the machine are as follows :

| Year | 1 | 2 | 3 | 4 | 5 |
|------|-------|--------|--------|----------|----------|
| CFBT | 65000 | 80,000 | 90,000 | 1,10,000 | 1,70,000 |

Compute the following :

- (a) Payback Period
- (b) Average rate of return
- (c) Net Present Value at 10% Discount rate
- (d) Profitability Index

Unit-III

6. Distinguish between Operating leverage and Financial leverage. Do you think they are related to Capital Structure.

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7. Explain the assumptions and implications of NOI approach to capital structure decisions.

Unit-IV

8. Explain the concept of working capital management. Also explain the factors influencing working capital.
9. What do you mean by Dividend Policy of a company. Discuss Walter's Dividend Model with imaginary figures.

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