Roll No. [ ] Total No. of Pages :03

Total No. of Questions : 09

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

FINANCIAL MANAGEMENT

Subject Code : BBA-402

M.Code : 71204

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 consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Student has to attempt any ONE question from each Sub-section.

SECTION-A

Q1. Answer the following :

a) Define financial management.

b) What are the limitations of payback period method?

c) How equity capitals differ from preference capital?

d) Discuss in detail public deposits.

e) Define operating leverage.

f) What do you mean by capital structure?

g) Define EVA.

h) What do you mean by retained earning?

i) Define takeover and sell offs.

j) What do you mean by benefit-cost - ratio?

SECTION-B

UNIT-I

Q2. Define the modern concept of finance. Discuss in detail the nature and scope and importance of finance functions. Comment on the emerging role of financial manager in India.

Q3. *"The amount of fixed capital needed varies directly with the amount of fixed asset owned"* Explain what are the factors that influence estimation of fixed asset requirements of business?

UNIT-II

Q4. There are two projects A and B. A has a service life of one years. The initial cash outlay for both the projects assumed to be Rs. 20,000 each. The cash proceed from project A (at the end of first year) amounts to Rs 24,000. The cash generated by project B at the end of fifth year is likely to be Rs. 40,200. Assume that the required rate of return is 10 percent Compute and compare NPV and IRR of the two projects.

Q5. Define the concept of capital budgeting. Discuss in detail with the help of examples the techniques of budgeting. How decision tree analysis approach can be used in capital budgeting decision?

UNIT-III

Q6. The capital structure of Adamus Ltd. in book value terms is as follows :

Equity capital (20 million shares, Rs.10 par)	Rs.200 million
Preference capital, 12 percent (500,000 shares, Rs.100 par)	Rs.50 million
Retained earnings	Rs.350 million
Debentures 14 percent (1,200,000 debentures, Rs.100 par)	Rs.120 million
Term loans, 13 percent	Rs.80 million
	Rs.800 million

The next expected dividend per share is Rs.2.00. The dividend per share is expected to grow at the rate of 12 percent. The market price per share is Rs. 50.00. Preference stock, redeemable after 10 years, is currently selling for Rs.85.00 per share. Debentures, redeemable after 5 years, are selling for Rs.90.00 per debenture. The tax rate for the company is 30 percent. Calculate the average cost of capital.

Q7 What do you mean by the equity shares and preference share? Explain the feature of equity shares and preference share. What are the pros and cons of equity shares from the company's and Investor's point of views? What is common between equity shares and preference share in India?

UNIT-IV

Q8. a) Define operating and financial leverage. How can you measure the degree of operating and financial leverage? Explain with an example.

b) What is the Indifference point in the EBIT- EPS analysis? How would you compute it?

Q9. Why should Inventory be held? Why is inventory management important? Explain the objectives of Inventory Management. Explain the steps involved in analysis investment in inventories with the examples.

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Roll No.

Total No. of Questions : 09

Total No. of Pages : 02

BBA (Sem.–4)

FINANCIAL MANAGEMENT

Subject Code : BBA-403-18

M.Code : 77425

Date of Examination : 11-07-22

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 consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Students have to attempt any ONE question from each Sub-section.

SECTION-A

1. **Write short notes on :**

   a) Financial Management

   b) Venture Capital

   c) Operating Leverage

   d) Cost of Debt

   e) NPV vs IRR

   f) Payback Period

   g) Bonus Shares

   h) Net Working Capital

   i) Inventory

   j) MM Hypothesis – II

SECTION-B

UNIT-I

2. Differentiate between the wealth and profit maximization objectives of financial management. Give suitable examples to discuss why wealth maximization is superior to profit maximization.

3. Write a detailed note on various long-term sources of finance available for a business organization.

UNIT-II

4. What is weighted average cost of capital? Discuss in detail the methods for determining various components of cost of capital.

5. What is capital structure? Discuss in detail the Net Operating Income and Net Income approaches of capital structure.

UNIT-III

6. Write a detailed note on various discounting and non-discounting cash flow methods for evaluating capital budgeting decisions.

7. ABC Co. Ltd. is evaluating the financial feasibility of following machine and has sought your opinion whether this machine should be installed if the cost of capital of the firm is 10%.

Machine	Initial Investment	Cash Flow (Amount in Rs.)				
		Year 1	Year 2	Year 3	Year 4	Year 5
X	3,00,000	1,00,000	1,30,000	80,000	90,000	50,000

UNIT-IV

8. Write a detailed note on conservative, aggressive and matching approaches for determining working capital requirement of a firm.

9. Write a detailed note on various factors determining dividend policy of a company in India.

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Roll No.

Total No. of Questions : 09

Total No. of Pages : 02

BBA (Sem.–4)

FINANCIAL MANAGEMENT

Subject Code : BBA-403-18

M.Code : 77425

Date of Examination : 24-11-2023

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 consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Students have to attempt any ONE question from each Sub-section.

SECTION-A

1. **Write short notes on :**

   a) Financial Planning

   b) Annuity

   c) Combined Leverage

   d) Cost of Equity

   e) Profitability Index

   f) Internal Rate of Return

   g) Stock Dividend

   h) Current Assets

   i) Marketable Securities

   j) MM Hypothesis –I.

SECTION-B

UNIT-I

2. Define financial management. Discuss in the detail the objectives of financial management.

3. Write a detailed note on various sources of finance available for a business organization.

UNIT-II

4. What is cost of capital? Write a detailed note on various determinants of cost of capital.

5. What is financial leverage? Discuss in detail the traditional approach for determining the optimum level of capital structure.

UNIT-III

6. What is capital budgeting? Discuss in detail about the independent, mutually exclusive and contingent projects. Also discuss which capital budgeting evaluation criteria is suitable for evaluating above projects.

7. XYZ Co. Ltd. is evaluating the financial feasibility of following projects and has sought your opinion whether these projects should be accepted if the cost of capital of the firm is 10% p.a. Net Present Value and Profitability Index Methods may be used for evaluating these projects.

Project	Initial Investment	Cash Flow (Rs. in 000)				
		Year 1	Year 2	Year 3	Year 4	Year 5
I	1,00,000	30,000	25,000	50,000	65,000	70,000
II	1,00,000	-10,000	15,000	-20,000	45,000	55,000

UNIT-IV

8. What is working capital? Discuss various factors determining working capital requirement of a firm.

9. Discuss in detail the Walter and Gordon models of dividend policy of a company.

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Roll No.

Total No. of Questions : 09

Total No. of Pages :02

BBA (Sem.–4)

FINANCIAL MANAGEMENT

Subject Code : BBA/403/18

M.Code : 77425

Date of Examination : 27-05-2024

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 consists of FOUR Sub-sections : Units-I, II, III & IV.**
3. **Each Sub-section contains TWO questions each, carrying TEN marks each.**
4. **Students have to attempt any ONE question from each Sub-section.**

SECTION-A

1. **Write short notes on the following in 2-5 lines :**

a) Define Financial Management

b) What are the limitations of payback period method?

c) How equity capitals differ from preference capital?

d) Discuss in detail future value of annuity

e) Define operating leverage

f) What do you mean by capital structure?

g) Define EVA

h) What do you mean profitability index?

i) Define takeover and sell offs

j) What do you mean by benefit cost - ratio?

SECTION-B

UNIT-I

2. Define the modern concept of finance. Discuss in detail the nature and scope and importance of finance functions. Comment on the emerging role of financial manager in India.

3. *"The amount of fixed capital needed varies directly with the amount of fixed asset owned"*. Explain what are the factors that influence estimation of fixed asset requirements of business.

UNIT-II

4. What do you mean by the equity shares and preference share? Explain the feature of equity shares and preference share. What are the pros and cons of equity shares from the company's and investor' point of views? What is common between equity shares and preference share in India?

5. If the use of financial leverage magnify earning per share under favorable economic conditions. Why do companies not employ very large amount of debt in their capital structure?

UNIT-III

6. The scientists at spectrum have come up with an electric moped. The firm is ready for pilot production and test marketing. This will cost Rs. 20 million and take six months. Management believes that there is a 70% chance that the pilot production and test marketing will be successful. In the case of success, spectrum can build a plant costing Rs. 150 million. The plant will generate an annual cash inflow of Rs. 30 million for 20 years if the demand is high or an annual cash inflow of Rs. 20 million if the demand is low. High demand has a probability of 0.6 and Low demand has a probability of 0.4. What is the optimal course of action using decision tree analysis?

7. Define the concept of capital budgeting. Discuss in detail with the help of examples techniques of budgeting. How decision tree analysis approach can be used in capital budgeting decision?

UNIT-IV

8. What do you mean by working capital? What strategies are available to a firm for financing its working capital requirement?

9. Why should Inventory be held? Why is inventory management important? Explain the objectives of Inventory Management. Explain the steps involved in analysis investment in inventories with the examples.

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Total No. of Questions : 09

Total No. of Pages : 03

BBA (Sem.–4)

FINANCIAL MANAGEMENT

Subject Code : BBA-403-18

M.Code : 77425

Date of Examination: 14-12-2024

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 consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Students have to attempt any ONE question from each Sub-section.

SECTION-A

1. **Write short notes on:**

(a) Risk-return trade-off in financial decisions.

(b) What do you mean by financing decisions?

(c) Time value of money

(d) Cost of Retained Earnings

(e) What is meant by Combined Leverage?

(f) Capital Rationing

(g) Payback period

(h) Operating Cycle

(i) What do you mean by Dividend policy?

(j) Any two disadvantages of excessive working capital.

SECTION-B

UNIT-I

2. *"The profit maximisation is not an operationally feasible criterion"*. Do you agree? Illustrate your views.

3. Suppose you are appointed as Vice President (Finance) in a large Company. Describe in brief various sources of raising finance which are available to a large Company.

UNIT-II

4. Describe the process of planning and designing of capital structure. Also, elaborate the significance of capital structure.

5. A company has the following capital structure: Equity share capital Rs. 8,00,000, 10% Preference share capital Rs. 5,00,000, 8% Debentures Rs. 3,00,000 The present EBIT is Rs. 1,50,000. Calculate the financial leverage assuming that company is in 50% tax bracket.

UNIT-III

6. In a company, while making capital expenditure decision, two alternative capital projects *A-401* and *A-402* involve an investment outlay of Rs. 72,000 each. The streams of cash inflows are as follows:

Year	Cash inflows (Rs.)	
	Project A- 401	Project A- 402
1	50,000	10,000
2	40,000	20,000
3	10,000	20,000
4	10,000	20,000
5	10,000	90,000

The required rate of earnings is 10 %. PV factor at 10 % are :Year 1(0.909), Year 2(0.826), Year 3(0.751), Year 4(0.683) and Year 5(0.621). Which of the two projects should be accepted as per NPV Method?

7. What are the various techniques of capital budgeting? Illustrate your answer with the help of an example. Which of these techniques is the best in your opinion?

UNIT-IV

8. *"Working Capital Management is nothing more than deciding about level, structure and financing of current assets"*. Comment. Also, discuss a few factors affecting working capital of a company.

9. A company belongs to a risk class for which the approximate capitalisation rate is 10%. It currently has outstanding 25,000 shares selling at Rs. 100 each. The firm is contemplating the declaration of a dividend of Rs. 5 per share at the end of the current financial year. It expects to have a net income of Rs. 2,50,000 and has a proposal for making new investments of Rs. 5,00,000. Show that under the MM assumption, the payment of dividend does not affect the value of the firm.

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Total No. of Questions : 09

Total No. of Pages : 03

BBA (Sem.–4)

FINANCIAL MANAGEMENT

Subject Code : BBA-403-18

M.Code : 77425

Date of Examination : 23-05-2025

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 consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Students have to attempt any ONE question from each Sub-section.

SECTION - A

1. Write a short notes on :

a) Liquidity decisions

b) Time value of money

c) Weighted average cost of capital.

d) Optimum Capital Structure

e) What is meant by Financial Leverage?

f) Any two points of importance of capital budgeting.

g) Capital Rationing

h) Working Capital Cycle

i) Can dividend be paid in India in the form of other than cash?

j) Any two disadvantages of inadequate working capital.

SECTION - B

UNIT - I

2. Discuss in detail the nature and scope of Financial Management.

3. Suppose you are appointed as Chief Financial Officer (CFO) in a MNC (Multinational Company). Your company needs finance for expansion. Describe in brief various sources of rising of finance (capital) which are available to a MNC (Multinational Company).

UNIT - II

4. Discuss the importance of cost of capital. Explain the computation of specific sources of cost of capital.

5. **The capital structure of a company consists of the following securities :**

10% Preference share-capital Rs. 10,00,000

Equity share capital (Rs. 10 - each) Rs. 10,00,000

The amount of operating profit is Rs. 4,00,000

The company is in 50% tax bracket. You are required to calculate the financial leverage of the company. What would be the new financial leverage if the operating profit increase to Rs.4,40,000.

UNIT - III

6. What do you mean by Investment Decision making? What is the significance of studying capital budgeting?

7. In a company, while making capital expenditure decision, two alternative capital projects A-666 and A-777 involve an investment outlay of Rs. 1,44,000 each. The streams of cash inflows are as follows :

Year	Cash inflows (Rs.)	
	Project A-666	Project A-777
1	1,00,000	20,000
2	80,000	40,000
3	20,000	50,000
4	20,000	40,000
5	30,000	1,70,000

The required rate of earnings is 12 %. PV factor at 12 % are : Year 1(0.893), Year 2(0.797), Year 3(0.712), Year 4(0.636) and Year 5(0.567). Which of the two projects should be accepted as per NPV Method?

UNIT - IV

8. What is the significance of Working capital for a firm? Also, explain briefly, the main constituents of working capital?

9. Goodyear company belongs to a risk class for which the approximate capitalization rate is 10%. It currently has outstanding 50,000 shares selling at Rs. 100 each. The firm is contemplating the declaration of a dividend of Rs. 5 per share at the end of the current financial year. It expects to have a net income of Rs. 5,00,000 and has a proposal for making new investments of Rs. 10,00,000. Show that under the MM assumption, the payment of dividend does not affect the value of the firm.

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