

**P-742**

Total Pages : 3

Roll No. ....

## **BBA-502**

### **Financial Management**

Bachelor of Business Administration (BBA)

5th Semester Examination, 2023 (June)

**Time : 2 Hours]**

**Max. Marks : 70**

**Note :** This paper is of Seventy (70) marks divided into two (02) Sections A and B. Attempt the questions contained in these sections according to the detailed instructions given therein. Candidates should limit their answer to the questions on the given answer sheet. No additional (B) answer sheet will be issued.

### **SECTION–A**

#### **(Long Answer Type Questions)**

**Note :** Section 'A' contains Five (05) long answer type questions of Nineteen (19) marks each. Learners are required to answer any Two (02) questions only.

(2×19=38)

1. What are the main functions of financial management ?  
Critically discuss.

2. Explain 'cost of capital' and discuss its importance.
3. What are the discounted cash flow techniques ? Explain with suitable illustrations.
4. Discuss the concept of 'working capital'. How will you distinguish between gross working capital and net working capital ?
5. (a) Calculate Earnings Per Share (EPS) from the following information :

Rs.

Earnings before Interest and Tax (EBIT) = Rs. 20,000

Rate of Corporate Tax = 50%

Alternative financing plans :

	'A'	'B'	'C'
	Rs.	Rs.	Rs.
Equity (Rs. 10/- per share)	5,000	2,500	2,000
8% Debentures	5,000	7,500	8,000
	10,000	10,000	10,000

- (b) Discuss the results of the above three financing plans with regard to EPS.

## SECTION-B

### (Short Answer Type Questions)

**Note :** Section 'B' contains Eight (08) short answer type questions of Eight (08) marks each. Learners are required to answer any Four (04) questions only. (4×8=32)

Briefly discuss any *four* (04) of the following :

1. Capital Asset Pricing Model (CAPM).
  2. Debtors management.
  3. Operating leverage and financial leverage.
  4. Capital rationing.
  5. Debentures, its types and methods of issue.
  6. Walter's theory of dividend.
  7. Pay-back method of capital budgeting.
  8. Liquidity analysis.
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