

S-901

Total Pages : 4

Roll No. -----

BBA-502

Financial Management

Bachelor of Business Administration (BBA)

5th Semester, Examination 2022(Dec.)

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.

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 x 19 = 38]

P.T.O.

- Q.1. Explain the core purpose of financial management. Is 'wealth-maximization' objective a rational objective of financial management?
- Q.2. What do you understand by capital budgeting? Discuss the pay-back method of capital budgeting.
- Q.3. Explain the impact of operating and financial leverages on the EPS (Earnings Per Share) of a firm using suitable examples.
- Q.4. Critically discuss the theories related to dividend policy.
- Q.5. A company wants to select one of the following two alternative projects, whose particulars are given below:

	<u>Project 'A'</u>	<u>Project 'B'</u>
Initial outlay	Rs.10,000/-	Rs.10,000/-
Net Cash inflows:		
year-1	Rs.10,000/-	Rs.1000/-
year-2	Rs. 2,000/-	Rs.1000/-
year-3	Rs. 1,000/-	Rs.2,000/-
year-4	Rs. 1,000/-	Rs.10,000/-

The company can arrange funds at 10%. Present values of Re.1/- at 10% are ; 0.909, 0.826, 0.751 and 0.683 respectively for 04 years.

Applying NPV method, you are required to suggest as to which project will be better for the company?

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 x 8 = 32]

Briefly discuss any four (04) of the following:

- Q.1. Basic financial decisions.
- Q.2. Cost of equity share capital.
- Q.3. Systematic and un-systematic risk.
- Q.4. Time Value of money.
- Q.5. Factoring.

P.T.O.

Q.6. Debt capital and tax-shield.

Q.7. Risk-return trade-off.

Q.8. Inventory management.
