

BBA-502

Financial Management

Bachelor of Business Administration

BBA-10/11/12/16/17/BBAH-11)

5th Semester Examination 2019

Time : 3 Hrs

Maximum Marks : 80

Note : This paper is of Eighty (80) marks divided into three (03) sections A, B and C. Attempt the questions contained in these sections according to the detailed instructions given therein.

Section –A

(Long Answer Type Questions)

Note : Section 'A' contains four (04) long answer type questions of nineteen (19) marks each. Learner are required to answer any two (2) questions only.

(2 x 19 = 38)

1. (a) What is financial management? What major decisions are required to be taken in finance?
- (b) "Finance function is concerned with allocating funds to specific assets and obtaining the best arise of financing in relation to the overall valuation of the firm." Discuss.

2. (a) The cost of goods sold of XYZ Ltd. is Rs. 5,00,000. the opening inventory in Rs. 40,000 and the closing inventory cost is Rs. 60,000. find out inventory turnover ratio.
- (b) Following information is given about materials:
- Annual usage : Rs. 2,00,000
- Cost of placing and receiving one order : Rs.80
- Annual carrying cost : 10% of inventory value Find out the economic order quantier.
3. Explain Walter's dividend model in detail discuss what are the shortcoming of walter's model.
4. "Capital budgeting in long-term planning for making and financing proposed capital outlays" explain what are the limitations of capital budgeting?

Section – B

(Short- answer- type questions)

Note : Section 'B' contains eight (8) short answer type questions of Eight (8) marks each. Learner are required to answer any 04 questions only. (4 x 8 =32)

1. What do you understand by a stable dividend policy? Why should it be followed?
2. Explain various tools and techniques used for inventory management.
3. What shall be the repercussions if a firm has inadequate working capital?
4. Between equity shares and debentures which is profitable for raising additional long term capital for a manufacturing company and why?
5. Write a critical note on financial leverage and financial decision.
6. What is meant by cost of capital? What are the components of cost of capital?
7. What basic principles will you advocate in the matter of deciding on a proper pattern of capital structure for a company?
8. Under what circumstances may NPV and IRR give conflicting recommendation? Which criteria should be followed in such circumstances and why?

Section –C
(Objective-type questions)

Note : Section 'C' contains ten (10) objective type questions of one (01) mark each. All the questions of this section are compulsory. (10 x 1 = 10)

Write True/False against the following :

1. Capital rationing and capital budgeting mean the same thing.
2. MM model suggests that dividend decision affects the value of the firm.
3. Receivables constitute a significant portion of fixed assets.
4. Longer the process period of manufacture, larger is the amount of working capital required.
5. Preference shares are entitled to fixed dividend irrespective of the level of earnings. Fill in Blank
6. A fixed rate of _____ is payable on debentures.
7. Cost of capital is the _____ rate of return expected by its investors.
8. It is better for a company to remain in _____ gear during the period of depression.
9. Cash management is an important task of the _____ manager.
10. Operating leverage X financial leverage = _____.
