301401

August/September 2022
BBA (Gen.) IV SEMESTER
Financial Management (BBA-GEN-401)

Time : 3 Hours]   [Max. Marks : 75

Instructions :

1. *It is compulsory to answer all the questions (1.5 marks each) of Part-A in short.*
2. *Answer any four questions from Part-B in detail.*
3. *Different sub-parts of a question are to be attempted adjacent to each other.*

PART-A

1.   (a)   Wealth Maximization.   (1.5)

      (b)   Types of Financial management decision.   (1.5)

      (c)   Mutually exclusive decisions in capital budgeting.

                                                 (1.5)

      (d)   Capital Rationing.   (1.5)

      (e)   IRR.   (1.5)

      (f)   Define EBIT.   (1.5)

      (g)   Combined Leverage.   (1.5)

      (h)   Optimum Capital Structure.   (1.5)

      (i)   EOQ.   (1.5)

      (j)   Bird in Hand theory.   (1.5)

PART-B

2. (a) Explain the role and scope of the 'finance function' in business distinguishing it from the accounting function. (10)

(b) Briefly explain and illustrate the concept of 'time value of money'. (5)

3. How will you compute the cost of debt, cost of preference share capital and cost of equity share capital? (15)

4. A company has to make a choice between two projects namely A and B. The initial capital outlay of two projects are Rs. 1,35,000 and Rs. 2,40,000 respectively for A and B. Discount rate is 16%.

The annual cash inflows are as under :

Year	Project A (Rs.)	Project B (Rs.)	Discounting factors @ 16%
1	—	60,000	0.862
2	30,000	84,000	0.743
3	1,32,000	96,000	0.641
4	84,000	1,02,000	0.552
5	84,000	90,000	0.476

Calculate for each project :

(a) Net Present Value.

(b) Profitability index. (15)

5. What are the various theories of Capital Structure? (15)

6. (a) Is dividend policy relevant? Discuss in light of Walter's theory of dividend policy. (10)

(b) What is the role of EBIT- EPS analysis in corporate financial structure? (5)

7. Define operating cycle. Explain the methods used for computing working capital requirements of a business. (15)

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