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[Roll No.]

BBA-502

Bachelor of Business Administration

B.B.A. Vth Semester

Examination Dec., 2023

FINANCIAL MANAGEMENT

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 there in. *Candidates should limit their answers to the questions on the given answer sheet. No additional (B) answer sheet will be issued.*

Section-A

Long Answer Type Questions 2×19=38

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.

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(1)

P.T.O.

1. Differentiate between various long-term, medium term and short sources of finance.
2. Define the working capital management. Briefly explain the factors that determine the working capital needs of a firm.
3. Define cost of capital. Explain its significance in financial decision making.
4. “Capital Budgeting is long-term planning for making and financing proposed capital outlays”. Explain. What are the limitations of capital budgeting ?
5. What are the major factors that affect the capital structure of a firm ?

Section–B

Short Answer Type Questions 4×8=32

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.

1. What are the objectives of financial management ?
2. What are ordering and carrying cost ? What are their roles in inventory control ?

3. Define fixed capital. What are the factors that influence the requirements of fixed capital of a company ?
4. What is the need for and objectives of cash management ?
5. Under what circumstance may NPV and IRR give conflicting recommendation ? Explain with the help of a example.
6. What is the purpose and cost of maintaining receivables ?
7. What do you understand by bonus issue ?
8. The firms A and B are identical in all respect including risk factors except for debt-equity mix. Firm A has issued 12% debentures of ₹ 15 lakhs while B has issued only equity.

Both the firms earn 30% before interest and taxes on their total assets of ₹ 25 lakhs.

Assuming a tax rate of 50% and capitalisation rate of 20% for on all-equity company, you are required to compute the value of the two firm using net income approach (NI).
