and the investors expect a growth rate of 5% per year. (CO5)

(i) Compute the company's equity cost of capital

(ii) If the anticipated growth rate is 6% per annum, calculate the indicated market price per share.

H Roll No. ....

BBA–203

B. B. A. (SECOND SEMESTER) MID SEMESTER EXAMINATION, April, 2023

FINANCIAL MANAGEMENT

Time : 1½ Hours

Maximum Marks : 50

Note : (I) Answer all the questions by choosing any *one* of the sub-questions.

(ii) Each sub-question carries 10 marks.

1. (a) Describe the close relationship between finance and other disciplines. Also, elucidate the functions and responsibility of a Finance Manager. (CO1)

OR

(b) Explain the different forms of business organizations. How is the finance function typically organized in a large organization ? (CO1)

2. (a) Demonstrate the methods of calculating the cost of capital from different sources. (CO2)

OR

(b) Explain the meaning of risk and return. Discuss the types of risks involved in investment. (CO2)

3. (a) Discuss the importance of Cost of Capital in financing decisions with suitable examples. (CO3)

OR

(b) Compare the approaches of Profit Maximization and wealth Maximization in the context of achieving objectives of financial management. (CO3)

4. (a) Vijay Mills Ltd. Issued 5,000, 10% Preference Shares of ₹ 100 each at 4% discount. These shares are redeemable after 10 years at a premium of 5%. The

cost of issue is ₹ 3 per share. Find out the cost of preference capital. (CO4)

OR

(b) "Financial Management is basically concerned with the raising and utilisation of funds for the most effective management of a business enterprise." Examine this statement. (CO4)

5. (a) XYZ Ltd. has 15% irredeemable/perpetual debt of ₹ 10,00,000. The tax rate is 20%. Calculate cost of debt capital before tax as well as after tax assuming the debt capital is issued : (CO5)

(i) At par value

(ii) At 10% Discount

(iii) At 10% Premium

OR

(b) Ashish Limited Company's shares are quoted in the market at ₹ 20 currently. The company pays a dividend of ₹ 1 per share