

(4)

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OR

- (b) A company's share is selling at ₹ 1,000. A total earning of a company is ₹ 1,00,00,000 and ordinary shares in the company are 1,00,000. A company's dividend payout ratio is 70%. Calculate the cost of equity share. (CO2)

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**B. B. A. (SECOND SEMESTER)
MID SEMESTER
EXAMINATION, 2021-22
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) What is Financial Management ? What are the objectives of the financial management ? (CO1)

OR

- (b) Explain profit and wealth maximization-traditional and modern approach in detail.

(CO1)

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2. (a) Draw a typical organization chart highlighting the finance function of a company. (CO1)

OR

- (b) You are the finance manager of a firm and asked to organize all the financial decision of the firm. Elucidate the ways in which you will do it. (CO1)
3. (a) Caterpillar company issues 30000; 10% debenture of ₹ 1,000 each; company paid 2% commission and agency fees of ₹ 50,000. These debentures are subject to be redeemed after 10 years at premium of 5%. Calculate cost of debentures when tax rate is 40%. (CO2)

OR

- (b) Spartan company issued 50000 debentures of ₹ 2,000 each at 12% interest rate.

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Tax rate is 35%. Calculate debenture in following case : (CO2)

Case 1 : Issued at par

Case 2 : Issued at discount 5%

Case 3 : Issued at premium 10%

4. (a) Current market price of share is ₹ 2,000; a company pays a dividend of ₹ 200 per share. Investors are expecting a growth rate 5% per share. Calculate the cost of equity share. (CO2)

OR

- (b) A company limited issued 20000 preference shares at discount of 5% (face value of ₹ 100) of which carries 11% fixed rate of dividend and is redeemable after 12 years at par value. Calculate cost of preference share. (CO2)

5. (a) What is cost of capital ? Explain it in detail with example. (CO2)

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