

H

Roll No.

BBA-203

B. B. A. (SECOND SEMESTER)

END SEMESTER

EXAMINATION, June, 2023

FINANCIAL MANAGEMENT

Time : Three Hours

Maximum Marks : 100

Note : (i) All questions are compulsory.

(ii) Answer any *two* sub-questions among
(a), (b) and (c) in each main question.

(iii) Total marks in each main question are
twenty.

(iv) Each sub-question carries 10 marks.

I. (a) Define Opportunity Cost. Differentiate
between Micro and Macroeconomics.

(CO1)

(b) What do you mean by Financial
Management ? Explain its scope and
nature.

(CO1)

P. T. O.

(2)

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- (c) Explain various forms of business organizations. (CO5)
2. (a) Explain the component of cost of capital in brief. (CO5)
- (b) What do you mean by capital structure ? Explain the factors affecting the capital structure of an organization. (CO2)
- (c) ABC Ltd. has the following capital structure : (CO5)

| | |
|---------------------------------|------------|
| 4000 Equity share of ₹ 100 each | ₹ 4,00,000 |
| 10% Preference shares | ₹ 1,00,000 |
| 11% Debentures | ₹ 5,00,000 |

The current market price of the share is ₹ 102. The company is expected to declare a dividend of ₹ 10 at the end of the current year, with an expected growth rate of 10%. The applicable tax rate is 50%. Find out the WACC.

3. (a) What is cost of capital ? Explain its importance. (CO1)

(3)

- (b) What do you mean by capitalization ? Explain various types of capitalization. (CO3)
- (c) Define leverage. Explain different types of leverage. (CO2)
4. (a) What do you mean by working capital ? Explain different factors affecting working capital requirement. (CO4)
- (b) Discuss the need and importance of working capital. (CO2)
- (c) Explain different working capital financing policy. (CO5)
5. (a) Define dividend policy. Discuss the factors affecting dividend policy. (CO2)
- (b) Explain the irrelevance approach of dividend policies. (CO4)
- (c) Explain the relevance approach of dividend policy. (CO4)

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