

# END TERM EXAMINATION

FIFTH SEMESTER [BBA] DEC.2014- JAN.2015

Paper Code: BBA309

Subject: Financial Management

BBA(TTM)309

BBA(MOM)309

Time: 3 Hours

Maximum Marks: 75

**Note: Attempt any five questions.**

- Q1 Explain the meaning of Financial Management. What are its objectives? Explain its functions. (15)
- Q2 (a) Explain the meaning and importance of Valuation Concept. How does valuation concept help in decision making? (7.5)  
(b) X Ltd. is expecting an annual EPIT of Rs. 1 lakh. The company has Rs. 4.0 lakhs in 10% debentures. The cost of equity capital or capitalization rate is 12.5%. Calculate the total value of the firm. Also state the overall cost of capital. (7.5)
- Q3 Explain the factors that determine the capital structure of a firm. (15)
- Q4 Write short notes on **any five** of the following:- (3X5=15)  
(a) Commercial paper  
(b) Zero coupon bonds  
(c) Certificate of Deposits  
(d) Mutual fund  
(e) Deep Discount Bond  
(f) Credit Rating  
(g) Depository Participants
- Q5 Define leverage. Explain its types. Discuss its significance. (15)
- Q6 What is Capital Budgeting? Discuss its process. Why this function is considered as one of the most important function of Financial Management? (15)
- Q7 (a) Why do companies pay dividend. (5)  
(b) Define cost of capital. (5)  
(c) Define Net Working Capital. (5)
- Q8 (a) What is Cash Budget? How is it prepared? (7.5)  
(b) Differentiate between Overtrading and Undertrading. Also explain briefly the costs and benefits of holding inventory. (7.5)