

**B.B.A. Part—II Semester—IV (CBCS) Examination****BBA-401****FINANCIAL MANAGEMENT**

Time : Three Hours]

[Maximum Marks : 80

**SECTION—A**

Choose the correct option of the following :

1. Which of the following is a long-term source of finance ?
  - (a) Trade credit
  - (b) Bank overdraft
  - (c) Short-term loans
  - (d) Debentures
2. Which long-term source of finance provides ownership in the company ?
  - (a) Debentures
  - (b) Bank loans
  - (c) Equity shares
  - (d) Retained earnings
3. Capital budgeting involves :
  - (a) Budgeting for day-to-day expenses
  - (b) Planning long-term investments
  - (c) Allocating funds for marketing activities
  - (d) Managing working capital
4. In NPV analysis, if the NPV is positive, it indicates that :
  - (a) The project is not profitable
  - (b) The project is profitable
  - (c) The project has broken even
  - (d) The project has no cash flows
5. What is the primary function of working capital ?
  - (a) To generate long-term profits
  - (b) To pay off long-term debts
  - (c) To ensure the smooth operation of day-to-day activities
  - (d) To invest in capital assets
6. The working capital cycle is the :
  - (a) Time taken to produce and sell goods
  - (b) Time taken to convert inventory into cash
  - (c) Time taken to pay off short-term debts
  - (d) Time taken to collect accounts receivable
7. The overall cost of capital for a company is determined by :
  - (a) Weighted Average Cost of Capital (WACC)
  - (b) Cost of equity only
  - (c) Cost of debt only
  - (d) Dividend policy

8. Operating leverage measures the effect of :
  - (a) Changes in sales on operating income
  - (b) Changes in sales on net income
  - (c) Changes in sales on fixed costs
  - (d) Changes in sales on variable costs
9. Dividend policy refers to :
  - (a) The decision-making process for issuing new shares of stock
  - (b) The process of acquiring other companies through stock transactions
  - (c) The decision-making process for distributing profits to shareholders
  - (d) The process of buying back shares of stock from the market
10. According to the net income approach, dividends are paid :
  - (a) After all expenses and taxes are deducted from revenue
  - (b) Before taxes are deducted from revenue
  - (c) After interest expenses are deducted from revenue
  - (d) Before expenses are deducted from revenue. 10×2=20

#### SECTION—B

1. (A) Explain Financial Management with limitation. 4  
 OR  
 (B) What is Lease Financing ? 4
2. (A) Write a note on Capital Budgeting. 4  
 OR  
 (B) Explain Internal Rate of Return. 4
3. (A) Explain the concept of working capital. 4  
 OR  
 (B) Describe Estimation of working capital requirements. 4
4. (A) Explain meaning and importance of cost of capital. 4  
 OR  
 (B) Explain meaning and concept of Leverages. 4
5. (A) Explain the concept of dividend. 4  
 OR  
 (B) Explain the types of dividend. 4

#### SECTION—C

1. (A) Explain in brief about long term source of finance. 8  
 OR  
 (B) Describe Lease financing and Hire purchasing. 8

2. (A) Explain traditional and discounted cash flow techniques of Capital Budgeting. 8
- OR**
- (B) Describe Risk & Return analysis. 8
3. (A) What is working capital ratios ? 8
- OR**
- (B) Describe the concept of working capital cash management. 8
4. (A) Explain in brief about cost of equity. 8
- OR**
- (B) Explain cost of debt in detail. 8
5. (A) Explain Walter's Model. 8
- OR**
- (B) Explain Net income approach. 8