

#### Unit IV

7. What is the meaning of dividend decision ?  
Explain the Walter dividend model with relevant examples.
8. Why is inventory management important ?  
Explain different inventory controlling techniques with relevant examples.

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**D-151**

**B.B.A. EXAMINATION, May 2017**

(Fourth Semester)

FINANCIAL MANAGEMENT

BBA-202

*Time : 3 Hours]*

*[Maximum Marks : 70*

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Before answering the question-paper candidates should ensure that they have been supplied to correct and complete question-paper. No complaint, in this regard, will be entertained after the examination.

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**Note :** Attempt *Five* questions in all, selecting at least *one* question from each Unit. All questions carry equal marks.

#### Unit I

1. In what ways is the 'Wealth Maximization Objectives' superior to 'Profit Maximization' objective ? Explain with suitable examples.

2. How does the 'modern' financial manager differ from the 'traditional' financial manager ? Also discuss the scope of financial management.

### Unit II

3. A firm, whose cost of capital is 10%, is considering two mutually exclusive projects X and Y, the detail of which are :

	Project X	Project Y
	Rs.	Rs.
Cash outflow/investment	<b>7,000</b>	<b>7,000</b>
Cash flow year 1	1,000	5,000
Cash flow year 2	2,000	4,000
Cash flow year 3	3,000	2,000
Cash flow year 4	4,500	1,000
Cash flow year 5	6,000	1,000
Total Cash Flows	<b>16,500</b>	<b>13,000</b>

Compute the net present value at 10% discount rate for the two projects.

	Discount Factors						
Year	10%	15%	20%	25%	30%	35%	40%
1	.909	.870	.833	.800	.769	.741	.714
2	.826	.756	.694	.640	.592	.549	.510
3	.751	.658	.579	.512	.455	.406	.364
4	.683	.572	.482	.410	.350	.301	.260
5	.620	.497	.402	.328	.2269	.223	.186

4. What do you understand by Cost of Capital ? Identify the areas in financial management wherein the concept of cost of capital has relevance.

### Unit III

5. What is meant by Capital Structure ? Discuss about traditional approach of capital structure with graphical presentation.
6. What do you understand by Operating Leverage and Financial Leverage ? How are these different from each other ?