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Roll No.

D-151

B.B.A. EXAMINATION, May 2018

(Fourth Semester)

(Main & Re-appear)

BBA202

FINANCIAL MANAGEMENT

Time : 3 Hours]

[Maximum Marks : 70

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.

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

Unit I

1. What is the meaning of finance ? Write in brief the different objectives of financial management. **14**

2. Define the scope of finance management. What are the functions of a finance manager in a modern enterprise ? **14**

Unit II

3. Consider the following three investments :

Cash Flows

Projects	C ₀	C ₁	C ₂
X	-25000	0	+33050
Y	-25000	+15400	+15400
Z	-25000	+28750	0

The discount rate is 10 per cent. Compute the net present value for each project. (Note : Discount factors for year 1 at 10% rate is 0.909 and for year 2 is 0.826). **14**

4. What is capital budgeting ? Why is it significant for a firm ? What are the limitations of Accounting Rate of Return (ARR) method of capital budgeting ? **14**

Unit III

5. Discuss briefly the Net Income (NI) approach to capital structure. What are the limitations of this approach ? **14**
6. Write short notes on the following :
- (a) EBIT-EPS Analysis
 - (b) Operating leverage
 - (c) Traditional approach of capital structure.
- 5+5+4=14**

Unit IV

7. What is dividend policy ? Explain various factors affecting the dividend decision of a business organization. **14**
8. Write short notes on the following :
- (a) Objectives of receivable management
 - (b) Economic order quantity (EOQ) method of inventory control
 - (c) Optimum level of cash.
- 4+5+5=14**