Roll No. | | | | | | | | | | | | | **Total No. of Pages : 02**

Total No. of Questions : 09

BBA (2012 & Onwards Batches)
Bachelor In Service Industry Management (SIM) (2014 Batch)
(Sem.–4)

FINANCIAL MANAGEMENT

Subject Code : BBA-402
Paper ID : [A2372]

Time : 3 Hrs. **Max. Marks : 60**

INSTRUCTION TO CANDIDATES :

1. **SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.**
2. **SECTION-B consists of FOUR Sub-sections : Units-I, II, III & IV.**
3. **Each Sub-section contains TWO questions each, carrying TEN marks each.**
4. **Student has to attempt any ONE question from each Sub-section.**

SECTION-A

1. Write briefly :

a. What is the need of financial manager?

b. What are the limitations of agency cost?

c. How gross working capital differ from net working capital?

d. Discuss in detail venture capital.

e. Define Equity Capital.

f. Debt as a source of finance

g. Define pay back method.

h. What do you mean by wealth maximization?

i. Optimal capital structure.

j. How capital structures differ from financial structure?

SECTION-B

UNIT-I

2. In most large corporations, ownership and management are separated. What are the main implications of this separation? Define the scope of financial management. What role should the financial manager play in a modern enterprise?

3. What do you mean by long term financial resources? Discuss in detail method with which you can mobilizes your financial resources.

UNIT-II

4. Define the concept of capital budgeting. Discuss in detail with the help of examples non discounted techniques of budgeting.

5. There are two projects A and B. A has a service life of one years. The initial cash outlay for both the projects assumed to be Rs. 20, 000 each. The cash proceed from project A (at the end of first year) amounts to Rs 24, 000. The cash generated by project B at the end of fifth year is likely to be Rs. 40 200. Assume that the required rate of return is 10 percent. Compute and compare NPV and IRR of the two projects.

UNIT-III

6. What do you mean by cost of capital? Discuss in detail importance and methods of calculating cost of capital with the help of example.

7. Nicole publishing company’s market value of shares and debt is Rs 50 crore and Rs 15 crore respectively. The company's equity beta is 1.32. The risk free rate of return is 10 percent and market risk premium is 9 percent. The expected corporate tax rate for the company is 35 percent. Calculate Nicole’s cost of equity.

UNIT-IV

8. What do you mean by capital structure? Discuss in detail theories of capital structure.

9. Why is credit policy management important? Explain the objectives of credit policy. Explain the steps involved in analysis of credit policy with the examples. Is the credit policy that maximizes expected operating profits and optimum credit policy? Explain.