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

Total No. of Questions : 09

BBA (2012 & Onwards Batches) (Sem.–4)
Bachelor in Service Industries Management (SIM) (2014 & Onwards)
B.Sc. Business Economics (BBE) (2015 onwards)

FINANCIAL MANAGEMENT

Subject Code : BBA/BBE-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. **SECTIONS-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. Scope of financial management.

b. Working capital cycle.

c. Changing scenario of Financial Management in India.

d. Difference between capitalization, Capital Structure and Financial Structure.

e. Optimal Capital Structure.

f. Plough back of profits as a source of finance.

g. Limitation of payback period

h. Over Capitalization and Under Capitalization.

i. Trade credit as source of working capital

j. Specific Cost *vs.* Composite Cost.

SECTION B

UNIT I

2. a) Why maximizing wealth is a better goal than maximizing profit?

   b) Objectives of Financial Management.

3. Critically examine the advantages & disadvantages of raising funds by issuing shares of different types.

UNIT II

4. Explain briefly the following methods of capital budgeting bringing out the advantages & disadvantages of each :

   a) Payback

   b) Accounting rate of return

5. Write short notes on :

   a) Profitability Index

   b) Time adjusted rate of return

   c) Post payback profitability

UNIT III

6. Write a detailed note on the cost of individual components of capital. Explain with formulas and examples.

7. What is the relevance of cost of capital and capital structure in planning decisions?

UNIT IV

8. Using Imaginary figures show how to determine the value of firm under :

   a) Net Income Approach.

   b) Net Operating Income Approach.

9. What is working capital? On the formation of a new business, what considerations are taken into account in estimating the amount of working capital need?