Roll No. | | | | | | | | | | | | | **Total No. of Pages :03**

Total No. of Questions : 09

BBA(Sem.–4)

FINANCIAL MANAGEMENT

Subject Code :BBA-403-18

M.Code :77425

Date of Examination : 11-12-2025

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

INSTRUCTIONS 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. **Students have to attempt any ONE question from each Sub-section.**

SECTION-A

1. Write briefly:

a) Public Deposits

b) Wealth Maximization

c) Optimal Capital Structure.

d) Payback Period

e) Opportunity cost

f) Combined leverage

g) Retained Earnings

h) Time value of Money.

i) Financing Decisions

j) Limitations of capital Budgeting.

SECTION - B

UNIT - I

2. ***"Maximization of profits is regarded as the proper objective of investment decision, but it is not as exclusive as maximum shareholder's wealth."*** Comment.

3. What are the various sources available to Indian Businessmen for raising funds? Explain.

UNIT - II

4. **A company has the following capital structure:**

Source	**Amount (Rs.)**	**Cost (%)**
Equity Share Capital	Rs.6,00,000	12%
Debt (Loan)	Rs.4,00,000	10% (Before tax)
Total Capital	Rs. 10,00,000	

Tax Rate = 30%

You are required to compute the weighted average cost of capital.

5. Give a critical appraisal of the traditional approach and the Modigliani-miller approach to the problem of capital structure.

UNIT - III

6. **A company is considering two investment projects, Project A and Project B. Each requires an initial investment of Rs. 1,00,000. The expected cash inflows are as follows:**

Year	**Project A (Rs.)**	**Project B (Rs.)**
1	30,000	40,000
2	30,000	35,000
3	30,000	30,000
4	30,000	25,000
5	30,000	20,000

The cost of capital is 10%.

Calculate the **Net Present Value (NPV)** of both projects and **recommend which one should be selected.**

7. What do you understand by investment decisions? Discuss the major investments decisions.

UNIT - IV

8. What is working capital? On the formation of a new business what considerations are taken into account in estimating the amount of working capital we needed?

9. Discuss in detail the Walter and Gordon Models of dividend policy of a company.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.