

Roll No. ....

**57032**

**B.B.A. 4th Semester  
(N.S.) 2011-2014**

**Examination-May, 2015**

**Financial Management**

**Paper-Bba-402**

**Time : 3 hours**

**Max. Marks : 80**

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

**Note :** Attempt five questions in all. Section-A is compulsory and attempt other four more questions selecting one question from each unit from Section-B.

**Section-A**

1. (a) List the finance functions.
- (b) What is profit maximization approach ?

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(1)

[ Turn Over

- (c) Name traditional methods of capital budgeting.
- (d) Define financial leverage.
- (e) What is the proposition of traditional approach of capital structure ?
- (f) What are the components of cost & capital ?
- (g) Define dividend decision.
- (h) Give two objectives of cash management. [2×8=16]

**Section-B**

**Unit-I**

2. Financial management is more than procurement of funds. Explain this statement and scope of financial management. [16]

3. Write notes on the following :

- (a) Functions of finance manager [8]

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(2)

- (b) Profit maximization v/s wealth maximization. [8]

**Unit-II**

4. What is capital budgeting decision ? Critically evaluate the NPV method of capital investment decision. [16]
5. Define cost of capital. Explain its relevance in decision making. How is weighted average cost of capital determined ? [16]

**Unit-III**

6. Distinguish between operating and financial leverage. Discuss EBIT-EPS analysis with example. [16]
7. Compare and contrast NI approach and NOI approach as to capital structure. [16]

**Unit-IV**

8. What do you mean by dividend policy of a company ? Discuss Watler's dividend model with imaginary figure. [16]

9. ABC Ltd. manufactures a special product 'Z' and provides the following information :

Demand of 'Z' varies from 500 units to 1500 units per month

Semi-annual carrying cost 6%

Raw material required per unit of finished product 2 kg.

Ordering cost per order Rs. 90

Purchase price of input unit Rs. 25 per kg.

Calculate EOQ. [16]

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