

UNIT – III

6. What is Modigliani Miller approach of capital structure ? Under what assumption do their conclusion hold good ?
7. Discuss the factors determining the capital structure.

UNIT – IV

8. Define management of working capital. Explain the various factors influencing working capital.
9. What are the essentials of Walter's Dividend Model ? Explain its shortcomings.

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Roll No.

57531

BBA 4th Semester (N. S.) 2014-17

Examination – April, 2018

FINANCIAL MANAGEMENT

Paper : BBAN - 401

Time : Three Hours]

[Maximum 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 examination.

Note : All question of Section A are compulsory. Attempt any four questions from Section B, selecting at least one question from each Unit.

SECTION -- A

1. Write short notes :

- (i) Significance of Financial Planning
(ii) Objectives of financial management
(iii) Time value of money

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- (iv) Discounted pay-back period methods.
- (v) Optimal capital structure.
- (vi) Assumptions of NI approach.
- (vii) EOQ.
- (viii) Retained earnings.

SECTION – B

UNIT – I

2. "Scope of finance function has changed over time". Discuss. What role finance managers play in modern Time ?
3. Explain the major decisions of financial management. How do these decision helps in wealth maximization ?

UNIT – II

4. What are the approaches available for calculating cost of capital ? <http://www.HaryanaPapers.com>
5. A company is considering an investment proposal to purchase a machine costing Rs. 2,50,000. The machine has a life expectancy of 5 years and no salvage value. The company's tax rate is 40%. The firm uses straight line depreciation method. The estimated cash flow

before tax and after depreciation (CFBT) from the machine are as follows :

Year	CFBT (Rs.)
1	60,000
2	70,000
3	90,000
4	1,00,000
5	1,50,000

Compute the following :

- (a) Payback period.
- (b) Average rate of return
- (c) Net present value at 10% discount rate
- (d) Profitability index at 10% discount rate

You may use the following table :

Year	1	2	3	4	5
P. V. Factor at 10%	0.909	0.826	0.751	0.683	0.621