

Roll No. ....

**57531**

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

**Examination – May, 2019**

**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 : Attempt compulsory Question No. 1 from Section – A and four questions from Section – B (one question from each Unit). All questions carry equal marks.**

**SECTION – A**

**1. Briefly explain the following :**

- (a) Profitability
- (b) Future value of an amount
- (c) Investment decisions
- (d) Risk adjusted discounted rate

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- (e) Elements of capital structure
- (f) Indifference point
- (g) Retained earnings
- (h) Inventory carrying costs

**SECTION – B**

**UNIT – I**

- 2. Discuss the importance of financial management in an organisation. What role does the finance manager of a modern organisation play ?**
- 3. (a) Compare and contrast profit maximisation and wealth maximisation.**  
**(b) Explain the meaning of time value of money and its importance for a finance manager.**

**UNIT – II**

**4. Cash flows of a project are as follows :**

Year	0	1	2	3	4
Cash flows (Rs.)	10,000	5,000	4,000	3,000	2,000

Find the IRR of the project.

**5. Explain the meaning and significance of cost of capital. Also differentiate among explicit, implicit, opportunity and marginal costs.**

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**UNIT – III**

6. Diagrammatically explain and illustrate the traditional approach to capital structure. Highlight the major criticism of this approach.
7. For a company, EBIT is Rs. 20,00,000 : PAT is Rs. 9,60,000; operating fixed cost is Rs. 15,00,000, tax rate is 40% and preference dividend is Rs. 2,40,000.

Calculate :

- (i) Operating, financial and combined leverage
- (ii) Financial BEP and
- (iii) Percentage drop in sales to make EPO equal to zero.

**UNIT – IV**

8. Explain the importance, elements and determinants of dividend policy.
9. Write notes on :
  - (a) Importance and types of working capital
  - (b) Credit policy