

**Total No. of Questions: 09**

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

**FINANCIAL MANAGEMENT**

**M Code: 71204**

**Subject Code: BBA/BBE-402**

**Paper ID: [A2372]**

**Time: 3 Hrs.**

**Max. Marks: 60**

**INSTRUCTIONS 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. a) What is the need of financial manager?  
b) What are the limitations of agency cost?  
c) How equity capital differs from preference capital?  
d) Discuss in detail NI approach.  
e) Define profitability index method.  
f) What do you mean by profit maximization?  
g) Define preference capital.  
h) Define financing decision.  
i) Define Internal rate of return method.  
j) How capital structures differ from financial structure?

## SECTION I

### UNIT I

2. Discuss in detail objective, function and scope of financial management. What have been the key developments and reforms of the Indian financial sector since 1990?
3. What do you mean by long term financial resources? Discuss in detail method with which you can mobilize your financial resources.

### UNIT II

4. Discuss in detail capital budgeting process and estimation of project cash flow. What are the advantages of capital budgeting?
5. The expected cash flows of a project are as follows:

year	0	1	2	3	4	5
Cash flow	-100,000	20,000	30,000	40,000	50,000	30,000

The cost of capital is 12%. Calculate the net present value, internal rate of return, modified internal rate of return, payback period and discounted payback period.

### UNIT III

6. What do you mean by capital structure? Discuss in detail theories of capital structure.
7. What do you mean by the equity shares and preference share? Explain the feature of equity shares and preference share. What are the pros and cons of equity shares from the company's and investor's point of views? What is common between equity shares and preference share in India?

### UNIT IV

8. Define working capital. Discuss in detail objectives of working capital. Discuss in detail operating cycle approach to working capital and cash management.
9. Explain the position of M-M on the issue of an optimum capital structure, ignoring the corporate income taxes. Use an illustration to show how homemade leverage by an individual investor can replicate same risk and return as provided by the levered firm.