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Total No. of Pages: 02
Total No. of Questions: 07

BBA (Sem.-4th)
FINANCIAL MANAGEMENT
Subject Code: BB-402
Paper ID: [C0219]

Time: 3 Hrs.

Max. Marks: 60

INSTRUCTIONS TO CANDIDATE:

1. *Section-A is compulsory consisting of ten questions carrying two marks each.*
2. *Section-B contains six questions carrying ten marks each and students have to attempt any four question.*

SECTION-A

Q1. Answer Briefly:

- a) Explain various aims of finance function.
- b) Why is maximizing wealth a better goal than maximizing profits?
- c) Write a brief note on risk return trade off.
- d) Brief note on NPV value method.
- e) Differentiate between specific cost and composite cost.
- f) Name various methods of capital budgeting.
- g) Define capital structure.
- h) What is trading on equity?
- i) How is the cost preference share computed?
- j) What is weighted average cost of capital?

SECTION-B

Q2. What is financial Management? What major decisions are required to be taken in finance?

- Q3. Briefly discuss various sources of long term finance?
- Q4. What is capital budgeting? Why is it significant for a firm?
- Q5. Briefly explain the various approaches of capital structure?
- Q6. A company is considering the purchase of two machines with the following details:

	Machine 1	Machine 2
Life (estimated)	3 years	3 years
Capital cost	Rs.10,000	Rs.10,000
Net cash Flows	Rs.	Rs.
1 st Year	8,000	2,000
2 nd Year	6,000	7,000
3 rd Year	4,000	10,000

You are required to suggest which machines should be preferred using payback period methods.

- Q7. (a) How cost of debt is computed? 4
- (b) X Ltd. issues Rs. 2,00,000, 9% debenture at a premium of 10%. The cost of floatation are 2%. The tax rate applicable is 60%. Compute cost of debt capital before and after tax.

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