

CDOE
BACHELOR OF BUSINESS ADMINISTRATION (2006 COURSE)
B.B.A. Sem-IV : WINTER :- 2021
SUBJECT: FINANCIAL MANAGEMENT

Day : Monday
Date 21-02-2022

W-3428-2021

Time : 02:00 PM-05:00 PM
Max. Marks: 80

N. B. :

- 1) Attempt **ANY FIVE** questions from Section – **I** and attempt **ANY TWO** questions from Section – **II**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Answers to both the sections should be written in **SEPARATE** answer books.

SECTION - I

- Q. 1** Elaborate the functions of a Financial Manager. **(10)**
- Q. 2** What do you mean by 'Cost of Capital'? Explain its impact on Capital Structure. **(10)**
- Q. 3** Explain the following: **(10)**
- a) Shares
 - b) Capital Budgeting
- Q. 4** Explain the concept of Risk and Return with suitable examples. **(10)**
- Q. 5** Elaborate the concept and types of 'Interest'. **(10)**
- Q. 6** Explain the concept of Financial Leverage and Operating Leverage. **(10)**
- Q. 7** Write short notes on **ANY TWO** of the following: **(10)**
- a) Internal rate of return
 - b) Combined Leverage
 - c) Debentures

SECTION - II

- Q. 8** What do you mean by Dividend Policy? Discuss factors affecting Dividend Decisions. **(15)**
- Q. 9** Explain the nature and scope of Financial Management. **(15)**

P. T. O.

Q. 10

A firm whose cost of capital is 10 % is considering two mutually exclusive (15)
proposals, X and Y the details of which are as follows:

Particulars	Proposal 'X' (₹)	Proposal 'Y' (₹)
Initial Investments	15,00,000	15,00,000
Projected Cash Inflows		
1 st Year	1,50,000	6,50,000
2 nd Year	2,50,000	6,00,000
3 rd Year	3,50,000	6,00,000
4 th Year	5,50,000	5,75,000
5 th Year	7,50,000	5,25,000

Calculate :

- a) Pay Back Period
- b) Net Present Value @ 10 % rate of discount
- c) Profitability Index @ 10 % rate of discount

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