

Roll No. ....

**57032**

**B.B.A. 4th Semester  
(N.S.) 2011-2014**

**Examination-May, 2015**

**Financial Management**

**Paper-Bba-402**

**Time : 3 hours**

**Max. 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 the examination.

---

**Note :** Attempt **five** questions in all. Section-A is **compulsory** and attempt other **four** more questions selecting **one** question from each unit from Section-B.

**Section-A**

1. (a) List the finance functions.
- (b) What is profit maximization approach ?

- (c) Name traditional methods of capital budgeting.
- (d) Define financial leverage.
- (e) What is the proposition of traditional approach of capital structure ?
- (f) What are the components of cost & capital ?
- (g) Define dividend decision.
- (h) Give two objectives of cash management. [2×8=16]

### Section-B

#### Unit-I

2. 'Financial management is more than procurement of funds'. Explain this statement and scope of financial management. [16]

3. Write notes on the following :

- (a) Functions of finance manager [8]

- (b) Profit maximization v/s wealth maximization. [8]

### Unit-II

4. What is capital budgeting decision ? Critically evaluate the NPV method of capital investment decision. [16]
5. Define cost of capital. Explain its relevance in decision making. How is weighted average cost of capital determined ? [16]

### Unit-III

6. Distinguish between operating and financial leverage. Discuss EBIT-EPS analysis with example. [16]
7. Compare and contrast NI approach and NOI approach as to capital structure. [16]

### Unit-IV

8. What do you mean by dividend policy of a company ? Discuss Watler's dividend model with imaginary figure. [16]

9. ABC Ltd. manufactures a special product 'Z' and provides the following information :

Demand of 'Z' varies from 500 units to 1500 units per month

Semi-annual carrying cost 6%.

Raw material required per unit of finished product 2 kg.

Ordering cost per order Rs. 90

Purchase price of input unit Rs. 25 per kg.

Calculate EOQ. [16]

---