

S.No. : 358

BBA 2306

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Following Paper ID and Roll No. to be filled in your Answer Book.

PAPER ID : 27118

Roll
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BBA / IMBA Examination 2021-22

(Even Semester)

FINANCIAL MANAGEMENT

Time : Three Hours]

[Maximum Marks : 60

Note :- Attempt all questions.

SECTION - A

1. Attempt all parts of the following : 8×1=8
- (a) What is capital budgeting?
 - (b) Define operating leverage.
 - (c) What do you understand by financial risk?
 - (d) What are financial risk?
 - (e) What are fictitious assets?
 - (f) Clarify EBIT-EPS analysis.

[P. T. O.]

- (g) How is working capital calculated?
- (h) What is the capital structure of a company?

SECTION – B

2. Attempt any two parts of the following : $2 \times 6 = 12$

- (a) Explain any three decision involved in the financial management.
- (b) Explain briefly the factors determining the working capital of an organization.
- (c) Discuss the role of EBIT-EPS analysis in capital structure.

(d)

Year	Book value of fixed investment	Profit after tax
1	90,000	20,000
2	80,000	22,000
3	70,000	24,000
4	60,000	26,000
5	50,000	28,000

Calculate ARR value. Discuss ARR method in detail.

SECTION – C

Note :- Attempt all questions. Attempt any two parts from each questions. $5 \times 8 = 40$

3. (a) What do you mean by working capital management? Distinguish gross working capital and net working capital.
- (b) Explain wealth maximisation and profit maximisation objective of the financial management.
- (c) Explain working capital cycle. Illustrate your answer with suitable examples.
4. (a) “How should the capital function of a company formed?”
- (b) “The cost of capital is a function of management preference.” Discuss this statement.
- (c) Write short notes on the following :
- (i) Venture capital
- (ii) Receivable management

[P. T. O.]

5. (a) What are the different types of cleverage? Discuss in detail.
- (b) How does trading on equity increases in return on equity share? Explain with an example.
- (c) Write a short notes on over and under capitalisation.
6. (a) The annual demand for an item is 3200 units. The unit cost is ₹ 6 and inventory carrying cost 25% per annum. If the cost of one procurement is ₹ 50 determine :
- (i) Economic order quantity
- (ii) Number of orders per year
- (b) Explain briefly capital budgetary process.
- (c) Define time value of money. Discuss various techniques of time value of money.
