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Roll No. ....

**D-151**

**B.B.A. EXAMINATION, May 2018**

(Fourth Semester)

(Main & Re-appear)

BBA202

FINANCIAL MANAGEMENT

*Time : 3 Hours]*

*[Maximum Marks : 70*

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Before answering the question-paper candidates should ensure that they have been supplied to correct and complete question-paper. No complaint, in this regard, will be entertained after the examination.

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**Note :** Attempt *Five* questions in all, selecting at least *one* question from each Unit.

**Unit I**

1. What is the meaning of finance ? Write in brief the different objectives of financial management. **14**

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P.T.O.

2. Define the scope of finance management. What are the functions of a finance manager in a modern enterprise ? **14**

## Unit II

3. Consider the following three investments :

### Cash Flows

Projects	C <sub>0</sub>	C <sub>1</sub>	C <sub>2</sub>
X	-25000	0	+33050
Y	-25000	+15400	+15400
Z	-25000	+28750	0

The discount rate is 10 per cent. Compute the net present value for each project. (Note : Discount factors for year 1 at 10% rate is 0.909 and for year 2 is 0.826). **14**

4. What is capital budgeting ? Why is it significant for a firm ? What are the limitations of Accounting Rate of Return (ARR) method of capital budgeting ? **14**

## Unit III

5. Discuss briefly the Net Income (NI) approach to capital structure. What are the limitations of this approach ? **14**
6. Write short notes on the following :
- (a) EBIT-EPS Analysis
  - (b) Operating leverage
  - (c) Traditional approach of capital structure.
- 5+5+4=14**

## Unit IV

7. What is dividend policy ? Explain various factors affecting the dividend decision of a business organization. **14**
8. Write short notes on the following :
- (a) Objectives of receivable management
  - (b) Economic order quantity (EOQ) method of inventory control
  - (c) Optimum level of cash.
- 4+5+5=14**