

Unit IV

No. of Printed Pages : 04

Roll No.

8. What is significance of working capital for a manufacturing firm ? What will be the consequences of shortage and excess of working capital ?
9. Explain Working Capital Management and Distinguish between Permanent and Temporary Working Capital.

B502

B.B.A. EXAMINATION, May 2019

(Second Semester)

(Main & Re-appear)

(BBA)

BBA104B/MBAD104

Financial Management

Time : 3 Hours]

[Maximum Marks : 75

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.

Note : Attempt *five* questions in all. Q. No. 1 is compulsory and remaining *four* questions can be attempted from four units, selecting *one* question from each Unit.

1. Write short notes on the following :

- (a) Wealth maximization
- (b) Pay-back period method
- (c) Net Operating Income
- (d) Variable Working Capital
- (e) Nature of Working Capital
- (f) Long-term sources of finance
- (g) Motivation of holding cash.

Unit I

2. "Financial management is more than procurement of funds." What do you think about the responsibilities of a finance manager ?

3. Explain profit maximization and wealth maximization objectives of financial management.

Unit II

4. Discuss the significance of Profitability Index. How is it useful in project having different sizes ? Under what circumstances is it better than NPV ?

5. A firm is considering a project the detail of which are :

Investment		Rs. 70,000
Cash Inflow	Year 1	Rs. 14,000
	2	Rs. 16,000
	3	Rs. 18,000
	4	Rs. 20,000
	5	Rs. 25,000
	6	Rs. 23,000

Compute the IRR of the Project.

Unit III

6. Illustrate the assumptions and implications of NOI approach. Is there any optimal capital structure as per NOI approach ?

7. Explain the relevance of traditional approach of capital structure decision making.