

Roll No.....

BBA-402(N)

BBA (Semester-IV) Examination-2014
New Course

Paper: II
Financial Management

Time: Three Hours]

[Maximum Marks: 70

Note: Attempt all the five questions. Each question carries 14 marks.

1. "Profit maximization is consider inferior in comparison of wealth maximization as a criteria for determining finance objectives" Elaborate and explain financial objectives and finance functions.

Or

What is time value of money? What are the reasons for it?
What are its various techniques?

2. Explain significance and bases of Capitalization. What are the consequences and remedies of over and under capitalization?

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Or

Bring forward the irrelevance approach relevance approach and compromising approach of capital structure.

3. Weighted average cost of capital is an outcome of proportions and individual cost of debt, equity, preference and retained capital. Explain and illustrate.

Or

Calculate NPV and IRR with the following:

Figures:

Initial investment: Rs 10, 50,000

Operating cash flow:

1st year Rs 4, 50,000

2nd year Rs 6, 00,000

3rd year Rs 3, 00,000

Terminal cash flow (scrap value) Rs 44,500

External discount factor 10%

4. Explain following:

- (a) Gross and Net working capital
- (b) Permanent and variable working capital
- (c) Concept of operating cycle

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Or

Explain following:

- (a) Benefits and cost of holding inventory
- (b) EOQ and ABC analysis
- (c) Benefits and costs of maintaining receivables

5. What is Walter's model of dividend and what is Gordon's model of dividend?

Or

What do you mean by stability of dividend Payment? Explain its significance.

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