

Roll No.

BBA-402(N)

B. B. A. (Fourth Semester)
EXAMINATION, May, 2013

(New Course)

Paper Second

FINANCIAL MANAGEMENT

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt all the *five* questions. All questions carry equal marks.

1. Explain finance function and finance objectives. What do you mean by wealth maximisation ?

Or

Bring out the use of time value of money in finance. What are its techniques ?

2. What do you mean by Capitalisation ? What is over-capitalisation and undercapitalisation ? What are its consequences and remedies ?

Or

What is Optimum Capital Structure ? Explain Net Income, Net operating Income and Traditional viewpoints in this regard.

3. What is cost of capital and what are its components ? How is it measured ?

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Or

The following projects have an initial cost of ₹ 25,000 and they generate the following cash inflows after tax :

Year	Project 'A' (₹)	Project 'B' (₹)
1	19,000	15,000
2	8,000	5,000
3	7,000	6,000
4	6,000	7,000
5	5,000	8,000

Which project should be accepted ? Take 10% cut off rate.

4. What do you mean by working capital ? What are its components ? How can working capital needs be determined ?

Or

What is Ordering cost and Inventory carrying cost ? Determine EOQ from the following informations :

Annual consumption	100000 units
Price per unit	₹ 10,000
Ordering cost per order	₹ 2,000
Carrying cost per unit	₹ 100

On the basis of above calculate the economic order quantity for placing orders.

5. Write notes on any two of the following :
- (a) Dividend Models
 - (b) Internal Rate of Return
 - (c) Cash Budget
 - (d) Accounts Receivable Management

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