

AC-1226
BBA - IV Sem. (Main & Re Exam.)
Examination, May/June-2024
Paper : Financial Management
C-401

Time : Three Hours

[Maximum Marks : 70

[Minimum Marks : 28

Note : There will be three sections. Attempt **all** questions from Section-A (2×10) approx 20 words, attempt any **four** questions from Section-B (5×4) approx 100 words and attempt any **three** questions from Section-C (10×3) approx 500 words.

Section-A

1. What do you mean by finance?
2. What is financial planning?
3. What is under capitalisation?
4. What is retained earnings?
5. Discuss the kinds of working capital.
6. What is understood by trading on equity?
7. Discuss Walter model of dividend policy.
8. How is Net present value calculated?
9. What is Leverage?
10. What is Re-order point?

P.T.O.

Section-B

1. What are the responsibilities of Financial Manager?
2. What is the effects of over capitalisation on shareholders?
3. Distinguish between financial leverage and operating leverage.
4. How the cost of preference share capital is calculated?
5. Discuss objectives of capital budgeting.
6. What are the internal sources of working capital?
7. Explain in detail the various steps of cash management.
8. What do you mean by economic order quantity? How its is determined?
9. Explain the different types of dividend policies.
10. Discuss the Traditional approach of financial function.

Section-C

1. Prachi Ltd. issues 15000, 9% preference shares of Rs. 400 each at a premium of 10% redeemable after 5 years at par. The cost of floatation amounts to 2% of the issue price. Calculate the cost of preference share capital assuming of 10% dividend tax.
2. Sapna Ltd. requires 12000 units of raw material per year. The ordering cost is Rs 15 per order. The carrying cost in addition to Rs 2 per units is estimated to be 15% of the average inventory per unit per year. The purchase price of the raw material is Rs 10 per unit. Find the economic Lot size and the total cost. The manufacturer is offered a 5% discount in purchase price for orders of 2000 unit or more but less than 500 units. A further 2% discount is available for order of 5000 units or more units. Which of three ways of purchase should adopt Sapna.

3. Shivam Ltd. has a total unvested capital of Rs. 20,00,000. Out of this Rs.10,00,000 has been raised through equity capital and remaining Rs 10,00,000 through 5% debentures. In coming five years company expects to earn before interest and tax Rs 1,80,000, Rs 2,40,000, Rs 4,00,000, Rs 50,000 and Rs. 20,000 respectively. The rate of corporate income Tax is 50%: Comment on the earnings to equity shareholders.
4. "Financial planning is the key to successful business operations." Explain and discuss the basic characteristics of a financial plan of a Joint stock company.
5. Define capital Budgeting and discuss the nature of capital budgeting problem. Examine the need for capital Budgeting.