

2007  
Roll No. ....

Subject Code—9572-X

**B.B.A. (Second Year) EXAMINATION**

(Old Scheme)

BBA-205

**FINANCIAL MANAGEMENT**

*Time : 3 Hours*

*Maximum Marks : 80*

**Note :** Attempt any *Five* questions. All questions carry equal marks.

1. Define finance function and financial management. Explain the important decisions that the financial managers are expected to take.
2. What is the relevance of cost of capital in financial management ? What are its limitations ? Explain with example the method of calculating cost of debentures and equity shares.

3. Why are time adjusted methods of appraising capital budgeting projects considered superior to simple methods ? Discuss the NPV method by taking a simple example.
4. Bring out the meaning and importance of working capital. Illustrate with an example the estimation of working capital requirement of a company.
5. Discuss the meaning, importance and strategies of receivables management.
6. What are the general causes of business failures ? What strategies can be made to revive them ?
7. What is the difference between funds flow statement and cash flow statement ? Discuss the process of calculating funds from operations.

8. Write notes on the following :
  - (a) Return on Capital Employed
  - (b) Debtors Turn Over Ratio
  - (c) Absolute Liquidity Ratio
  - (d) Working Capital Turnover Ratio.
9. Distinguish between Mergers and Acquisitions. Discuss the process of Mergers and their limitations in achieving objectives for which they are set forth.
10. Write notes on the following :
  - (a) Optimum Capital Structure
  - (b) Economic Order Quantity.