

Roll No.

Subject Code—2172

B.B.A. (Second Year) EXAMINATION

(New Scheme)

BBA-205

FINANCIAL MANAGEMENT

Time : 3 Hours

Maximum Marks : 100

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

1. "The wealth maximisation objective of finance is superior to the profit maximization objective." Elaborate the statement in detail.
2. Discuss the comparative merits and limitations of equity stock and debentures as means of raising finance by a company.

(1-09-6-09)

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3. What is the importance of capital structure ?
Discuss the factors determining capital structure of a company.
4. What is the significance of cost of capital ?
Discuss the methods of calculating cost of equity capital.
5. Rank the following projects in order of their desirability according to the Pay Back Period Method :

Project	Initial Outlay Rs.	Annual Cash Flow Rs.	Life in Years
A	10,000	2,500	5
B	8,000	2,600	7
C	4,000	1,000	15
D	10,000	2,400	20
E	5,000	1,125	15
F	6,000	2,400	6
G	2,000	1,000	2

6. From the following information, find out economic order quantity :
Annual Usage 10,000 units; Cost of placing and receiving one order Rs. 50; Cost of materials per unit Rs. 25; Annual carrying cost of one unit : 10% of inventory value.
7. What are the economic reasons of mergers ? Explain different approaches to valuation of property of companies at the time of their merger.
8. Describe the important ratios which are worked out for interpreting the published accounts of a company.
9. Write notes on the following :
(a) Funds from Operations
(b) Stable Dividend Policy.
10. Discuss the external and internal causes of business failure. Support your answer with suitable examples.