



SE – 279

IV Semester B.B.A. Examination, September 2020
(CBCS) (F+R) (2015-16 and Onwards)
BUSINESS ADMINISTRATION
Paper – 4.4 : Financial Management

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be **completely** written in **English** only.

SECTION – A

1. Answer **any five** sub-questions. **Each** question carries **2** marks. **(2×5=10)**
- What do you understand by business finance ?
 - Give the meaning of financial plan.
 - What is leverage ?
 - What is investment decisions ?
 - Give the meaning of dividend policy.
 - Name the various kinds of working capital.
 - State the techniques of time value of money.



SECTION – B

Answer **any three** questions. **Each** question carries **6** marks. **(3×6=18)**

- State the objectives of financial management.
- What are the principles of motives for holding cash ?
- Briefly explain the various forms of dividend.
- Following information is taken from the records of X Ltd. Company :
Installed capacity 1000 units
Operating capacity 800 units
Selling price per unit ₹ 10
Variable cost per unit ₹ 0.70.
Calculate the operating leverage under the following situations :
Fixed Costs : Situation A – ₹ 800
Situation B – ₹ 1,200

P.T.O.



11. A firm's cost of capital is 10%. It is considering two mutually exclusive projects X and Y. The details are given below :

	Project X	Project Y	PV factor
	₹	₹	at 10%
Investments	1,40,000	1,40,000	—
Net cash inflows :			
Years			
1	20,000	1,20,000	0.909
2	40,000	80,000	0.826
3	60,000	40,000	0.751
4	90,000	20,000	0.683
5	1,20,000	20,000	0.621
	3,30,000	2,80,000	

Calculate payback period and net present value of each project.

