Jamia Hamdard

School of Management and Business Studies

Department of Management

Roll No...

Even Semester Examination - August 2023, BBA-IV- Semester

Subject & Subject Code: Financial Management & BBA- F14

Duration: 3 Hour

Max.Marks -75

*** Scientific Calculator is allowed.***

Section A - Short Answer (5X6=30)

Attempt any Six Questions. All questions carry equal marks.

Q1: Differentiate between Wealth maximization and Profit Maximisation.

Q2: The modern approach to corporate finance is an improvement over the traditional approach. Comment

Q3: A bank offers two options for a deposit of 5000 for one year. Either receive an interest rate at 12% per annum compounded monthly or 12. 25 % per annum, compounded half yearly. Which option is better?

Q4: What are the evaluation techniques of investment in Capital Budgeting? Discuss in brief.

Q5: Explain the importance of Working Capital Management. What are the factors that affect the requirement for working capital?

Q6: Liquidity and Profitability are competing goals for a finance manager. Comment.

Q7: What are the factors that affect the size of receivables?

Q8: What do you mean by the Capital structure of a company? Explain the term Optimum Capital Structure.

Q9: What are the factors that determine the dividend policy of a company?

Section B-Long Answer *(15X3=45)*

Attempt any Three Questions; All questions carry equal marks

Q1: Highlight the interrelationship amongst the investment, financing, and dividend decisions of corporate finance.

Q2: A company borrows Rs. 25 Crores for a period of 4 years. It plans to repay Rs. 9 Crores at the end of every year for the next 4 years to repay the debt. This decision, however, does not create any value for the company. At what rate did the company borrow Rs. 25 Crores?

Q3: A company is considering an investment proposal to install a machine that will cost 50,000. With a life expectancy of 5 years and no salvage value. The company tax rate is 35%. The firm uses straight-line depreciation. The expected profit before depreciation from the proposal is as follows:

Year	1	2	3	4	5
Profit	10000	11000	14000	15000	25000

Compute the Average Rate of Return, Payback Period, and Net Present Value.

Q4: 'Dividends may be used as a tool of value creation by a company'. Comment.

Q5: Discuss the techniques of Inventory Management in detail.

Q6: Illustrate the Net Operating Income Approach of Capital Structure with an example.