



उत्तराखण्ड मुक्त विश्वविद्यालय हल्द्वानी (नैनीताल)

Programme Name-BBA-Fifth Semester

Programme Code-BBA-12

Course Name- Financial Management

Course Code-BBA 502

Maximum Marks-40

Session -2016-17, Summer

Last Date of Submission: 15th December, 2016

Section-A

Section 'A' contains 08 short answer type questions of 5 marks each. Learners are required to answers 4 questions only. Answers of short answer-type questions must be restricted to 250 words approximately.

Discuss the following (1-8) –

1. Role of Finance Manager
2. Types of Investment Decisions
3. Financial Leverage
4. Motives for Holding cash
5. Credit Investigation and analysis
6. NOI Approach of Capital Structure
7. A company issued 10% debentures of the face value of Rs. 1,000 at par with flotation costs being 4%. These will be redeemed after 10 years at a premium of 2%. Tax rate is 30%. Calculate the cost of debentures to the company.
8. Find out Economic Order Quantity from the following particulars;
Annual usage 1200 units
Cost of Materials per unit Rs. 50
Cost of placing and receiving one order is Rs 30
Annual Carrying Cost of one unit is Rupee one
Alternative order size in units are 1200, 600, 400, 300 and 240

Section-B

Section 'B' contains 04 long answer-type questions of 10 marks each. Learners are required to answers 02 questions only.

1. 'The profit maximization is not an operationally feasible criterion.' Do you agree? Illustrate your views.
2. "Managing working capital is to manage a double-edged sword". In light of this statement, explain the considerations that should be taken into account while estimating working capital required for a business.
3. Critically examine the advantages and disadvantages of raising funds by issuing shares of different types?
4. The management of Bharat Company Ltd. is considering the purchase of a new plant. Two alternatives Plants A and B are available, each costing Rs. 5, 00,000. The expected life of each plant is 5 years. The cash flows are expected to be as follows;

Year	1	2	3	4	5
Plant A	40,000	1,20,000	1,60,000	2,40,000	1,60,000
Plant B	1,20,000	1,60,000	2,00,000	1,20,000	1,60,000

In respect of the above information calculate which plant will be preferable using Net Present Value Method. While calculating the present values of cash flows use a discount rate of 10%. Present value of Re1 @10% is 0.909 for first year, 0.826 for second year, 0.751 for third year, 0.683 for fourth year and 0.621 for fifth year.