
UTTARAKHAND OPEN UNIVERSITY, HALDWANI (NAINITAL)



Programme Name-BBA-Fifth Semester

Programme Code-BBA-12

Course Name- Financial Management

Course Code- BBA 502

Maximum Marks-40

Session -2015-16, Summer

Last Date of Submission: 31st January, 2016

Section-A

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

Discuss the following (1-8) –

1. Profit maximisation vs Wealth maximisation
2. Capital gearing
3. Difference between financial structure and capital structure.
4. Factors affecting dividend policy of a firm.
5. Objectives of Receivables Management.
6. Trading on equity
7. Need for capital budgeting.
8. A refrigerator manufacturer purchases 1,600 units of a certain component from B. His annual usage is 1,600 units. The order placing cost is Rs.100 and the cost of carrying one unit for a year is Rs.8. Calculate the Economic Order Quantity.

Section-B

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

1. Every manager has to take three decisions while performing the finance function. Enumerate these decisions and discuss the nature and importance of the finance function in the modern business.
2. What are the internal and external sources that can be tapped by a business concern to meet its financial requirements?
3. Explain the concept and determinants of working capital. On the formation of a new business, what considerations are taken into account in estimating the amount of working capital required?

4. From the following information, calculate the net present value and payback period of the two projects and suggest which of the two projects should be accepted assuming a discount rate of 10%

	Project A	Project B
Initial Investment	3,00,000	3,00,000
Estimated Life	5 Years	5 Years
Scrap Value	20,000	15,000

The profits before depreciation and after taxes (Cash flows) are as follows;

Years	1	2	3	4	5
Project A	Rs.70,000	Rs. 1,20,000	Rs. 1,20,000	Rs. 50,000	Rs. 40,000
Project B	Rs. 2,00,000	Rs. 1,00,000	Rs. 60,000	Rs. 50,000	Rs. 40,000
Present value of Rs.1 at the discount rate of 10%	0.909	0.826	0.751	0.683	0.621