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B.B.A SEM - 3
Sub: FINANCIAL MANAGEMENT

PRELIMS PAPER - 2022
Marks - 70

Q-1.What is financial management? Discuss functions of financial management [20]

OR

Q-1 (A).”Wealth maximization is superior to profit maximization as an objective of Financial Management.” – Elucidate the statement. [10]

Q-1 (B). Explain the concept of time value of money highlighting compound value concept and present value concept. [10]

Q-2 Explain sources of finance in brief. [20]

OR

Q-2 Short Notes (Any Two) [20]

- A. Bridge Financing
- B. Venture capital Financing
- C. Lease Financing

Q – 3.What is under capitalization? Discuss causes, effects and remedies of under capitalization. [15]

OR

Q – 3. (A) On the basis of the following, compute Earning Per Share (EPS) of each company and find out the impact of financial leverage and their earnings per share:

Perticulars	A Co.	B Co.
Equiry Share Capital (Per Share Rs. 10)	Rs. 4,00,000	Rs. 1,00,000
12% Debentures	Rs. 1,00,000	Rs. 4,00,000

Operating profit (EBIT) of the both companies are Rs. 2,00,000 and rate of income tax is 50%. [08]

(B) What is capital structure ? Discuss determinants / Factors affecting of capital structure. [07]

Q – 4. What is cost of capital? Explain. [15]

- (1) Measurement of cost of debt
- (2) Measurement of cost of equity

OR

Q – 4. (A) What is weighted average cost of capital? How is it calculated? How are weights assigned to specific costs? Explain. [08]

(B) “Retained earnings are cost free funds” Do you agree? Give appropriate explanation to your judgement. [07]