FINANCIAL MANAGEMENT

[BBA (S6) 23 (FIN)]

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer the following questions (each within *1* or *2* sentences) : 1×8=8

(a) Define corporate financial management.

(b) What are the four major finance functions?

(c) Define net present value (NPV).

(d) Define bonus share.

(e) What is hedging?

(f) Define venture capital.

(g) What is capital budgeting?

(h) Define capital rationing.

2. Answer the following questions (each within *50* words) : 2×8=16

(a) Explain the meaning of capital structure.

(b) What is EBIT-EPS analysis?

(c) Mention the two major ways to determine a company's capital structure.

(d) Define 'cost of capital' and mention how it can be classified.

(e) What is meant by 'leverage', and what are the types of leverage?

(f) State the differences between the degree of financial leverage and the degree of operating leverage.

(g) What are the two types of working capital?

(h) Mention the three approaches used to determine an appropriate financing mix.

3. Answer any *five* from the following questions (each in around *100* words) : 4×5=20

(a) Discuss the features of optimal capital structure.

(b) Discuss the significance of cost of capital?

(c) Discuss the merits and demerits of equity capital.

(d) What is meant by the term 'weighted average cost of capital'? Explain how weights are assigned.

(e) Explain the term 'financial leverage'.

(f) Discuss the combined effect of operating leverage and financial leverage.

4. Answer any *two* from the following questions (each in around *300* words) : 8×2=16

(a) Discuss the factors considered for estimating financial requirements.

(b) Discuss the classification of cost of capital.

(c) HLL Limited issues 15% irredeemable shares of face value of ₹ 200 each. Compute the cost of preference shares.

5. Answer any *two* from the following questions (each in around *400* words) : 10×2=20

(a) Discuss the objectives of financial management.

(b) Discuss the determinants of capital structure.

(c) Explain the principles of working capital policy.

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