



Yogoda Satsanga Mahavidyalaya

(Established in 1967)

NAAC Accredited B++ (CGPA 2.89)

Affiliated to Ranchi University & registered under 2 (F) & 12 (B) of UGC Act



BBA SEMESTER -4

PAPER NAME- FINANCIAL MANAGEMENT

PAPER CODE C-10

Short Answer Questions. (5 Marks)

- 1) Define Financial Management.
- 2) What is the primary goal of financial management?
- 3) Explain the difference between accounting and financial management.
- 4) What does the term "Time Value of Money" refer to?
- 5) Define Risk and Return in financial management.
- 6) What is the significance of the Capital Asset Pricing Model (CAPM)?
- 7) Explain the concept of Leverage in financial management.
- 8) Define Working Capital and its importance for a business.
- 9) What are the main components of a company's capital structure?
- 10) What is meant by the term "Cost of Capital"?
- 11) Explain the importance of Cash Flow Management.
- 12) What is Capital Budgeting and why is it important for businesses?
- 13) Define Financial Forecasting and its role in financial management.
- 14) What are the main factors influencing a company's Working Capital requirements?
- 15) What is the role of the Chief Financial Officer (CFO) in a company?

Long answer questions. (15 marks)

- 1) Discuss the objectives of financial management?
- 2) What are the objectives of Capital Budgeting?
- 3) How is the capital structure decided? Explain the traditional and modern approach.
- 4) What is DCFT and NDCFT? Illustrate with example.
- 5) What do you mean by risk-return trade off?
- 6) What is Inventory management? What is EOQ & ABC analysis?
- 7) What are techniques of Capital Budgeting?
- 8) What is the purpose of knowing the Cost of Capital? How is different costs to capital calculated?
- 9) What do you mean by Cash management? Explain the Baumol's method.
- 10) What do you mean by working capital? What are the factors affecting working capital?
- 11) The market price of a share is Rs.20. The company pays a dividend of Re 1 per share and the investors expect a dividend growth rate of 5% per share. Compute the Company's equity cost of capital.
- 12) A company issues 8% debentures of Rs.1,000 face value to be redeemed after 10 years. The debentures expected to be sold at 5% discount. It will also involve floatation costs of



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- 2.5% of face value. The company's tax rate is 35%. Compute the cost of debt.
- 13) A company is considering an investment that will pay \$10,000 in 5 years. If the company's required rate of return is 8%, what is the present value of this investment?
- 14) Company XYZ is evaluating two investment projects. Project A requires an initial investment of \$50,000 and is expected to generate cash flows of \$20,000 per year for 5 years. Project B requires an initial investment of \$70,000 and is expected to generate cash flows of \$25,000 per year for 4 years. Calculate the Net Present Value (NPV) for each project assuming a discount rate of 10%.
- 15) ABC Company has a capital structure consisting of 40% debt, 30% equity, and 30% preferred stock. The cost of debt is 6%, the cost of equity is 12%, and the cost of preferred stock is 8%. Calculate the Weighted Average Cost of Capital (WACC) for ABC Company.