

**BACHELOR OF BUSINESS ADMINISTRATION  
FIFTH SEMESTER  
FINANCIAL MANAGEMENT-II  
BBA – 504C**

**SET  
A**

**[USE OMR SHEET FOR OBJECTIVE PART]**

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

**(Objective)**

Marks: 20

*Choose the correct answer from the following:*

*1 × 20 = 20*

1. Cost of capital is
  - a. The total expenses incurred by a company
  - b. The cost of debt only
  - c. The cost of equity only
  - d. The required return on a company's debt and equity capital
2. Which of the following is a component of the cost of debt?
  - a. Dividends
  - b. Interest
  - c. Retained earnings
  - d. Capital gains
3. The Weighted Average Cost of Capital (WACC) is calculated as a weighted average of the costs of
  - a. Debt and equity only
  - b. Retained earnings
  - c. Common stock only
  - d. Debt, equity, and preferred stock
4. Which of the following is a factor that affects the cost of debt?
  - a. Market risk
  - b. Capital structure
  - c. Earnings per share
  - d. Dividend policy
5. What is the purpose of ratio analysis in financial management?
  - a. To determine the company's age
  - b. To evaluate a company's financial performance
  - c. To calculate taxes
  - d. To measure market share
6. Which type of ratio measures a company's ability to meet its short-term obligations?
  - a. Profitability ratio
  - b. Liquidity ratio
  - c. Leverage ratio
  - d. Efficiency ratio
7. The current ratio is calculated as
  - a. Current Assets / Total Assets
  - b. Current Assets / Current Liabilities
  - c. Current Liabilities / Total Liabilities
  - d. Total Liabilities / Total Assets
8. What does the Debt-to-Equity ratio measure?
  - a. Profitability
  - b. Liquidity
  - c. Financial Leverage
  - d. Efficiency
9. A high inventory turnover ratio indicates
  - a. Efficient inventory management
  - b. Inefficient inventory management
  - c. High liquidity
  - d. Low profitability

10. Return on Equity (ROE) is calculated as
  - a. Net Income / Total Assets
  - b. Net Income / Shareholders' Equity
  - c. Total Revenue / Net Income
  - d. Earnings Before Interest and Taxes (EBIT) / Interest
11. The quick ratio excludes which of the following from current assets
  - a. Inventory
  - b. Accounts Receivable
  - c. Cash
  - d. Expenses
12. Which of the following is a characteristic of the money market?
  - a. Long-term securities
  - b. High liquidity
  - c. Risky instruments
  - d. Limited trading hours
13. Treasury bills are commonly traded in which market
  - a. Stock market
  - b. Money market
  - c. Bond market
  - d. Real estate market
14. What is the primary purpose of the money market?
  - a. Long-term financing for corporations
  - b. Government fiscal policy
  - c. Trading of equities
  - d. Providing short-term funds
15. Which market facilitates the trading of long-term financial instruments such as stocks and bonds?
  - a. Money market
  - b. Capital market
  - c. Forex market
  - d. Derivatives market
16. Debentures are examples of securities traded in which market
  - a. Money market
  - b. Capital market
  - c. Foreign exchange market
  - d. Commodity market
17. What does SEBI stand for?
  - a. Securities and Exchange Board of India
  - b. Stock Exchange Business Institute
  - c. Securities and Economic Board of India
  - d. Securities and Equity Bureau of India
18. What is the primary objective of SEBI?
  - a. Promoting foreign investments
  - b. Ensuring fair and transparent securities markets
  - c. Controlling inflation
  - d. Regulating the banking sector
19. Who is the current Governor of the Reserve Bank of India?
  - a. Urjit Patel
  - b. Raghuram Rajan
  - c. Shaktikanta Das
  - d. D. Subbarao
20. In an amalgamation, the assets and liabilities of the amalgamating companies are transferred to the
  - a. Acquirer
  - b. Amalgamated company
  - c. Parent company
  - d. Holding company

**( Descriptive )**

Time : 2 Hr. 30 Mins.

Marks : 50

[ Answer question no.1 & any four (4) from the rest ]

1. Answer the following questions: 2×5=10
- a) What is Cost of capital?
  - b) What is Capital Market?
  - c) What is Money Market?
  - d) What is the meaning of Current ratio?
  - e) What is Ratio Analysis?
2. Explain the money market instruments. 10
3. Elaborate the points of difference between Money Market and Capital Market. 10
4. Explain the different methods of Cost of capital. 10
5. Write short note on SEBI's role on capital market regulation. 10
6. Explain the capital structure theories. 10
7. Discuss the main differences between merger and acquisition. 10
8. What is the significance of ratio analysis for a company? 10

OR

From the following balance Sheet of company, calculate debt-equity ratio, debt ratio and Proprietary Ratio.

Liabilities	Amount	Assets	Amount
Preference share capital	400000	Plant & machinery	600000
Equity Share capital	800000	Land & Building	900000
Reserves	110000	Motor car	160000
10% Debentures	350000	Furniture	40000
12% Bank Loan	250000	Stock	100000
Current Liabilities	140000	Debtors	40000
		Cash & Bank	200000
		Discount on issue of Shares	10000
	2050000		2050000

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