

**BACHELOR OF BUSINESS ADMINISTRATION
FOURTH SEMESTER [REPEAT]
FINANCIAL MANAGEMENT-I
BBA – 401**

**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. Basic objective of Financial Management is.....
 - a. Maximization of profit
 - b. Maximization of share holder's wealth
 - c. Ensuring Financial discipline in the firm
 - d. All of these
2. Financial structure refers to.....
 - a. Short-term resources
 - b. All the financial resources
 - c. Long-term resources
 - d. All of these
3. The market value of the firm is the result of.....
 - a. Dividend decisions
 - b. Working capital decisions
 - c. Capital budgeting decisions
 - d. Trade-off between risk and return
4. In Walter model formula D stands for.....
 - a. Dividend per share
 - b. Direct dividend
 - c. Direct earnings
 - d. None of these
5. Quick asset does not include.....
 - a. Government bonds
 - b. Book debts
 - c. Advance for supply of raw materials
 - d. Inventories
6. Current ratio of a concern is 1, its net working capital will be.....
 - a. Positive
 - b. Neutral
 - c. Negative
 - d. None of the above
7. The major benefit of diversification is to.....
 - a. Increase the expected return
 - b. Increase the size of the investment portfolio
 - c. Reduce brokerage commissions
 - d. Reduce the expected risk
8. If a company issues bonus shares the debt equity ratio.....
 - a. Remain unaffected
 - b. Will be affected
 - c. Will improve
 - d. None of the above
9. Treasurer should report to.....
 - a. Chief Financial Officer
 - b. Vice President of Operations
 - c. Chief Executive Officer
 - d. Board of Directors

10. All constituencies with a stake in the fortunes of the company are known as.....
- Shareholders
 - Stakeholders
 - Creditors
 - Customers
11. Accounting Ratios are important tools used by.....
- Managers
 - Researchers
 - Investors
 - All of the above
12. Working Capital Turnover measures the relationship of Working Capital with:
- Fixed Assets
 - Sales
 - Purchases
 - Stock
13. Dividend Payout Ratio is:
- PAT Capital,
 - DPS ÷ EPS
 - Pref. Dividend ÷ PAT
 - Pref. Dividend ÷ Equity Dividend
14. Ratio of Net Income to Number of Equity Shares known as:
- Price Earnings Ratio
 - Net Profit Ratio
 - Earnings per Share
 - Dividend per Share
15. In Inventory Turnover calculation, what is taken in the numerator?
- Sales
 - Cost of Goods Sold
 - Opening Stock
 - Closing Stock
16. In Projected Balance Sheet, a balancing figure:
- May appear on Assets Side
 - May appear on Liabilities Side
 - Would never appear
 - Any of (a) or (&)
17. Capital Budgeting is a part of:
- Investment Decision
 - Working Capital Management
 - Marketing Management
 - Capital Structure
18. A sound Capital Budgeting technique is based on:
- Cash Flows
 - Accounting Profit
 - Interest Rate on Borrowings
 - Last Dividend Paid
19. Depreciation is incorporated in cash flows because it:
- Is unavoidable cost
 - Is a cash flow
 - Reduces Tax liability
 - Involves an outflow
20. Real rate of return is equal to:
- Nominal Rate × Inflation Rate
 - Nominal Rate ÷ Inflation Rate
 - Nominal Rate - Inflation Rate
 - Nominal Rate + Inflation Rate

-- --- --

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

1. What is financial management? Discuss its various objectives. 10
2. Discuss the importance of investment decisions and its investment evaluation criteria. 10
3. Write explanatory notes on any two of the following : 5+5=10
 - a) NPV
 - b) IRR
 - c) Accounting rate of return.
4. What is concept of cost of capital? Discuss the significance of the cost of capital. 3+7=10
5. What is capital structure? Explain the Modigliani and Miller Approach. 2+8=10
6.
 - a) What are the factors influencing capital structure? 5+5=10
 - b) Explain the Net Operating Income Approach.
7. What is the concept of working capital? Describe the determinants of working capital. 3+7=10
8. Write explanatory notes on any two of the following : 5+5=10
 - a) Cash management
 - b) Receivables management
 - c) Inventory management

== *** ==