



Seat No. _____

HAO-19BBA306
B. B. A. (Sem. III) (CBCS)
(W.E.F. 2019) Examination
June - 2023
Financial Management

Time : $2\frac{1}{2}$ Hours / Total Marks : 70

- 1 Give the meaning of financial management and discuss the scope of finance management in detail. **20**

OR

- (a) Discuss the objective of Financial Management in detail. **10**
- (b) Find in how many years Rs. 300 will become Rs. 600 at 5% compound interest. (Using compound factor table A-1) **10**

Compound Interest Table :					
<i>Period</i>	<i>5%</i>	<i>7%</i>	<i>10%</i>	<i>16%</i>	<i>20%</i>
11	1.71	2.1	2.85	5.12	7.43
12	1.8	2.25	3.14	5.94	8.92
13	1.89	2.41	3.45	6.89	10.7
14	1.98	2.58	3.8	7.99	12.84
15	2.08	2.76	4.18	9.27	15.41
20	2.65	3.87	6.73	19.46	38.34

- 2 Short note : (any two) **20**
- (a) Venture Capital
- (b) Debentures
- (c) Bridge Finance
- (d) Equity shares
- 3 Explain the term capital structure and discuss the factors affecting capital structure. **15**

OR

3 Explain the concept of under-capitalization along with its causes and effects. 15

4 What is cost of capital and give the significance of it. 15

OR

4 The assets of ABC Co. Ltd. are Rs. 1,60,000 for which funds have been raised as follows : 15

Debentures Rs. 52,000

Equity shares Rs. 90,000

General reserve Rs. 18,000

The company's profit after interest and tax for the year ending on 31st March, 2000 is Rs. 13,500. It pays 8% interest on debenture and pays 50% tax on its profit. Its equity shares are of Rs. 100 each and there are 900 shares in all whose market value is Rs. 120.

Find out weighted average cost of capital.

Note : Consider the cost of equity and general reserve would be same.