School of Finance and Commerce
Backlog Examination, June 2023

[Programme: BBA(FIA)] [Semester: 2] [Batch:2021-24]

Course Title: Business Finance	Max Marks: 100
Course Code: F010201TB	Time: 3 Hrs.

Instructions:	1. All questions are compulsory.
	2. Assume missing data suitably, if any.

		K Level	COs	Marks
	SECTION-A (15 Marks) **5 Marks each**			
1.	Write a short note on the objectives of Financial Management.	K1	CO1	5
2.	Examine the relationship between financial accounting and financial management.	K1	CO1	5
3.	Do you think profit maximization and wealth maximization are different concepts? Discuss with examples.	K2	CO2	5
	SECTION-B (40 Marks) **10 Marks each**			
4.	Explain the difference between Shareholder's wealth maximization and Profit maximization.	K2	CO2	10
5.	Write the formula to calculate price of a share using Gordon's model and explain the drawbacks/limitations of using this model.	K3	CO3	10
6.	Discuss the various capital structure theories i.e., Net Income Approach, Traditional Approach, Net Operating Income Approach, Modigliani and Miller (MM) Approach.	K4	CO4	10
7.	A Rs 100 debenture of a firm can be sold for a net price of Rs 95. The rate of interest is 15 per cent per year, and bond will be redeemed at 10 per cent premium on maturity of 10 years. The firm's tax rate is 35 per cent. Compute the cost of debenture. OR What are the essentials of Walter's dividend model? Illustrate with example. Explain its shortcomings.	K3	CO3	10
	SECTION-C (45 Marks) **15 Marks each**			
8.	Explain various Discounted and Non-discounted measures of Capital Budgeting.	K4	CO4	15
9.	Write a note on working capital management and explain the factors which determine the working capital requirement.	K4	CO4	15
10	The 'MM model' is the behavioral justification of the NOI Approach to capital structure theory. Explain with a suitable example. OR A company has total investment of Rs 10,00,000 and 1,00,000 outstanding shares of face value of Rs 10 each. It earns a rate of return of 11% on its investment and has a policy of paying 60% of it earning a dividend. Is it optimum dividend policy as per Walter's model? What is the optimum policy and why? Assume that the required rate of return is 12%.	K4	CO4	15