

Code : 302302

BBA 3rd Semester Exam., 2015

FINANCIAL MANAGEMENT—2
(MANAGERIAL ACCOUNTING)

Time : 3 hours

Full Marks : 60

Instructions :

- (i) The marks are indicated in the right-hand margin.
- (ii) There are **SEVEN** questions in this paper.
- (iii) Attempt **FIVE** questions in all.
- (iv) Question Nos. 1 and 2 are compulsory.

1. State True or False (any six) : $2 \times 6 = 12$

- ~~(a)~~ The cost of capital is the required rate of return to ascertain the value of the firm. \checkmark
- ~~(b)~~ Different sources of funds have a specific cost of capital related to that source only. \checkmark
- ~~(c)~~ Cost of capital does not comprise any risk premium. \checkmark

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(Turn Over)

- (d) Cost of capital is basic data for NPV technique.
- ~~(e)~~ Risk-free interest rate and cost of capital are same things. \checkmark
- ~~(f)~~ Different sources have same cost of capital. \checkmark
- ~~(g)~~ Tax liability of the firm is relevant for cost of capital of all the sources of funds. \checkmark
- (h) Cost of debt and cost of pref. share capital, both require tax adjustment.
- (i) Every source of fund has an explicit cost of capital.
- (j) WACC is the overall cost of capital of the firm.

2. Answer any three of the following : $4 \times 3 = 12$

- ~~(a)~~ Discuss the scope of financial management.
- ~~(b)~~ What is payback method?
- ~~(c)~~ What is the importance of capital budgeting?
- (d) Write a short note on modern approach of financial management.
- (e) What are current asset and fixed asset?

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(Continued)

Answer any *three* of the following : $12 \times 3 = 36$

3. Discuss in detail the factors affecting working capital.
4. What are the important role and function of a finance manager?
5. Discuss the measurement of cost of capital and cost of debt with example.
6. Discuss the dividend decision. Explain its importance in financial management.
7. What is capital structure decision? Discuss its various approaches.
