

Code : 302302

(2)

BBA 3rd Semester Exam., 2020

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. Answer any six questions : 2×6=12

- (a) What is financial management?
- (b) List the functions of financial management.
- (c) Differentiate between financing decision and investment decision.
- (d) What is meant by capital structure?
- (e) What is financial risk?
- (f) What do you understand by 'Trading on Equity'?

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(Turn Over)

(g) List the intent of Profit and Loss Account.

- (h) What is contingent liability?
- (i) Define the concept of 'return'.
- (j) What is capital budgeting?

2. Answer any three of the following : 4×3=12

- (a) How does working capital affect both the liquidity as well as profitability of a business? <https://www.akubihar.com>
- (b) Explain the factors affecting the dividend decision.
- (c) Explain the various approaches used to value equity shares.
- (d) Distinguish between profit maximization and wealth maximization objectives of the firm.
- (e) What do you understand by 'Cost Accounting'? Explain.

3. State the group of persons having an interest in a business organization and examine the nature of their information needs. 12

4. "A capital budgeting decision is capable of changing the financial fortunes of a business." Do you agree? Give reasons for your answer. 12

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(Continued)

(3)

5. "Fixed assets are physical assets that provide operating capacity for a number of accounting periods." Explain with the help of suitable examples. Are all fixed assets depreciable assets? 12

6. Discuss different approaches to financial management. 12

7. From the following particulars, calculate the Cost of Equity : 12

Market value of share = ₹ 145

Dividend next year = ₹ 5

Dividend growth rate = 8% during next 5 years, 7% from 6th year onwards and up to 10th year and thereafter at 6% forever
