

**BACHELOR OF BUSINESS ADMINISTRATION
FIFTH SEMESTER
FINANCIAL MANAGEMENT- II
BBA – 504C**

**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

- Which of the following is not related with Money market?
 - Treasury bill
 - Certificate of deposit
 - Commercial bill
 - Shares
- Who controls the capital market in India?
 - SEBI
 - RBI
 - NABARD
 - IRDA
- How many companies are included in the SENSEX of India?
 - 10
 - 100
 - 30
 - 50
- Market for short term funds usually for one year is called
 - Capital market
 - Money market
 - Primary market
 - Secondary market
- What are the components of Indian financial system
 - Financial institution
 - Financial markets
 - Financial instruments
 - All of the above
- Liquid assets are determined by
 - Current assets - stock - Prepaid expenses
 - Current assets + stock + prepaid expenses
 - Current assets + Prepaid expenses
 - None of the above
- Current ratio is also known as
 - Quick ratio
 - Working capital ratio
 - Acid test ratio
 - None of the above
- The ideal level of current ratio is
 - 1:2
 - 2:1
 - 1:1
 - 3:1
- Which of the following measure for short term solvency?
 - Liquid ratio
 - Activity ratio
 - Solvency ratio
 - Profitability ratio
- Cost of capital is the minimum rate of return expected by its investors
 - Given statement is true
 - Given statement is unreasonable
 - Given statement is not true
 - None of the above

11. Cost of capital is highest in case of
 - a. Equity
 - b. Bonds
 - c. Debts
 - d. Loans
12. Cost of capital is lowest in case of
 - a. Bonds
 - b. Debt
 - c. Loan
 - d. Equity
13. WACC stands for
 - a. Weighted average capital of capital
 - b. Weighted average cost of currency
 - c. Weighted average cost of capital
 - d. None of the above
14. An acquisition is same as
 - a. Takeover
 - b. Spinoff
 - c. Merger
 - d. None of the above
15. Which of the following is the source of funds?
 - a. Issue of share
 - b. Raising long term funds
 - c. Sale of fixed assets
 - d. All of the above
16. Equity shareholders are called
 - a. Owner of the company
 - b. Executive of the company
 - c. Partner of the company
 - d. None of the above
17. The term redeemable is used for
 - a. Equity share
 - b. Commercial paper
 - c. Preference share
 - d. Public deposit
18. Debentures represent
 - a. Fixed capital of the company
 - b. Loan capital of the company
 - c. Fluctuating capital of the company
 - d. None of the above
19. The cost of equity share or debt is known as _____
 - a. The specific cost of capital
 - b. The related cost of capital
 - c. The burden of shareholder
 - d. None of the above
20. In weighted average cost of capital a company can affect its capital cost through
 - a. Policy of capital structure
 - b. Policy of investment
 - c. Policy of dividend
 - d. All of the above

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

1. Explain primary market and secondary market in detail. 10
2. a) Explain the role and importance of stock exchange? 5+5=10
b) Explain BSE and NSE
3. a) A firm has made credit sales of Rs 2,40,000 during the year. The outstanding amount of debtors at the beginning and at the end of the year respectively was Rs 27,500 and Rs 32,500. Determine the debtors turnover ratio and also find out Collection period. 5+5=10
b) The firm has made credit purchases of Rs 1,80,000. The amount payable to the creditors at the beginning and at the end of the year is Rs 42,500 and Rs 47,500 respectively. Find out the creditors turnover ratio. Also find the collection period.
4. a) What do you understand by Ratio analysis? 2+8=10
b) Explain its advantages and disadvantages.
5. Explain the three components of cost of capital. 10
6. XYZ Company supplied the following information and requested you to compute the cost of capital based on book value and market value. 10

Sources of funds	Book Value	Market Value	After tax cost
Equity capital	10,00,000	15,00,000	12%
long term debt	8,00,000	7,50,000	7%
short term debt	2,00,000	2,00,000	4%
total	20,00,000	24,50,000	

7. a) Explain Cash Flow Projection with importance 5+5=10
b) Short Notes on - Merger and Acquisition
8. What are the sources of fund? Explain each source with its advantages and disadvantages. 10

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