Satyug Darshan Institute of Engineering & Technology, Faridabad

Department of Management Studies

Academic year 2025-26

Programme: BBA General	**Year & Semester**: 2nd Year & 3rd Semester
Course Name: Financial Management	**Course Code:** BBA/GN/303
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Unit I

Short answer questions

Q.N.	Question	KL
1	Define Financial Management and state its primary objective.	1
2	List four key functions of a modern Finance Manager.	2
3	Distinguish between profit maximization and wealth maximization.	4
4	Explain "Internal Sources of Finance"? Give two examples.	2
5	Identify the three major types of financial decisions taken by a firm.	2

Long answer questions

Q.N.	Question	KL
1	"The role of a Finance Manager has shifted from clerical record-keeping to strategic decision-making." Discuss this evolution in detail.	2
2	Critically analyze the conflict between Profit Maximization and Wealth Maximization. Why is Wealth Maximization considered superior?	5
3	Compare and contrast Debt and Equity as external sources of finance. Discuss the trade-off between risk and return for each.	4
4	Explain the "Risk-Return Trade-off" and how it influences financial decision-making in a volatile market.	2
5	Evaluate the various long-term sources of finance available to a startup versus a well-established multinational corporation.	5

Unit II

Short answer questions

Q.N.	Question	KL
1	Explain the concept of "Time Value of Money."	2
2	Explain "Payback Period" method of investment appraisal?	2
3	Define "Net Present Value (NPV)" and state its decision rule.	1
4	Explain "Internal Rate of Return (IRR)"?	2
5	Distinguish between independent projects and mutually exclusive projects.	4

Long answer questions

Q.N.	Question	KL
1	Explain the step-by-step Capital Budgeting Process. Why is this process critical for a firm’s long-term survival?	2

2	Compare NPV and IRR methods. Under what circumstances might these two methods provide conflicting results?	4
3	Given two machines with different initial costs and cash flows, demonstrate how the Profitability Index (PI) can be used as a superior selection criterion when capital is rationed.	5
4	Discuss the limitations of non-discounting techniques (like ARR and Payback Period) compared to discounting techniques.	2
5	Elaborate on the "Discounted Payback Period" method. How does it improve upon the traditional payback period?	4

Unit III

Short answer questions

Q.N.	Question	KL
1	Define "Cost of Capital." Why is it often called the "Hurdle Rate"?	1
2	Explain Weighted Average Cost of Capital (WACC).	2
3	Name the four traditional theories of Capital Structure.	2
4	Briefly explain the concept of "Cost of Retained Earnings."	2
5	Explain "Optimal Capital Structure".	2

Long answer questions

Q.N.	Question	KL
1	Describe the procedure for calculating the Cost of Equity using the Dividend Growth Model and the CAPM approach.	2
2	Critically examine the Modigliani-Miller (MM) hypothesis on capital structure in both "no-tax" and "tax" environments.	4
3	Discuss the "Net Income Approach" vs. the "Net Operating Income Approach." How do they differ regarding the effect of leverage on firm value?	2
4	Analyze how the "Trade-off Theory" helps a firm balance the tax benefits of debt against the costs of financial distress.	5
5	Explain why WACC is used as the discount rate in Capital Budgeting. How does a change in the debt-equity ratio affect the WACC?	2

Unit IV

Short answer questions

Q.N.	Question	KL
1	Explain "Stable Dividend Policy".	2
2	Define the "Operating Cycle" in working capital management.	1
3	State the basic assumption of Walter’s Model of dividends.	2
4	Explain"Negative Working Capital"?	2
5	List three determinants that influence a company's dividend policy.	2

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Long answer questions

Q.N.	Question	KL
1	Compare Walter’s Model and Gordon’s Model. How do these models link dividend policy to the market price of a share?	4
2	Discuss the "Dividend Irrelevance Theory" proposed by Modigliani and Miller. Under what real-world market conditions does this theory fail?	2
3	Design a framework for estimating the working capital requirements of a manufacturing firm. What seasonal and operational factors would you include?	3
4	Analyze the trade-off between Liquidity and Profitability in the context of Working Capital management. Use the "Hedging" vs. "Conservative" approach to illustrate.	4
5	Evaluate the different forms of dividend payments (Cash, Bonus shares, Stock splits). Which form is most beneficial for a firm experiencing rapid growth?	5