



0442

Fourth Semester 5 Year B.B.A., LL.B. (Hons) Examination, June/July 2014
FINANCIAL MANAGEMENT

Duration : 2¹/₂ Hours

Max. Marks : 70

Instructions: 1. Answer all 5 Questions.

2. One essay type and **one** short note question or problem from **each** Unit have to be attempted.

UNIT – I

Q. No. 1. (a) Define financial management. Explain the objectives of financial management.

Marks : 9

OR

Following are the details regarding the capital structure of a company.

Sources of Capital	Book Value	Market Value	Specific Cost
Debentures	Rs. 80,000	Rs. 76,000	10%
Preference shares	Rs. 20,000	Rs. 22,000	15%
Equity shares	Rs. 1,20,000	Rs. 1,80,000	30%
Retained earnings	Rs. 40,000	Rs. 60,000	15%

You are required to calculate WACC using

- Book value as weights and total cost.
- Market value as weights and total cost.

(b) Write a short note on :

Marks : 5

CAPM

OR

Functions of Financial Management.

P.T.O.



UNIT – IV

Q. No. 4. (a) From the following information compute

Marks : 9

- i) Payback period
- ii) Net Present value.

Cash outlay Rs. 70,000

Cash inflows :

1st year Rs. 10,000

2nd year Rs. 20,000

3rd year Rs. 30,000

4th year Rs. 45,000

5th year Rs. 60,000

Cost of capital is 10%.

OR

What is Capital Budgeting ? Explain the methods of capital budgeting.

(b) Write a short note on :

Marks : 5

International Capital Budgeting.

OR

Multinational Working Capital Management.

UNIT – V

Q. No. 5. (a) Gama Fertilizers Company is taking over Theta Petrochemical Company. The shareholders of Theta would receive 0.8 shares of Gama for each shares held by them. The data for the two companies are as follows.

Marks : 9

	Gama	Theta
Net sales (Rs. crore)	335.00	118.00
Profit after tax (Rs. crore)	58.00	12.00
No. of shares (Rs. crore)	12.00	03.00



Earnings per share (Rs.)	4.83	4.00
Market value per share (Rs.)	30.00	20.00
Price-earnings ratio	6.21	5.00

For the combined company (after merger)

You are required to calculate :

- a) EPS
- b) P/E Ratio
- c) Market value per share.

OR

Explain the different types of mergers.

- (b) Write a short note on :

Marks : 5

Acquisition

OR

Benefits of mergers.
