



KA-3560

**Second Year B. B. A. (Sem. III) (CBCS) Examination**  
**October / November – 2012**  
**Financial Management**

Time : Hours]

[Total Marks : 70

**Instruction :**

नीचे दर्शाविए निशानीवाणी विगतो उत्तरवही पर अवश्य लपवी.  
Fillup strictly the details of signs on your answer book.

Name of the Examination :  
**Second Year B. B. A. (Sem. 3) (CBCS)**

Name of the Subject :  
**Financial Management**

Subject Code No. : **3 5 6 0** Section No. (1, 2,.....) : **NIL**

Seat No. : 

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|--|--|--|--|--|--|

Student's Signature

- 1 Answer in brier : (any six) 12
- What are the shortcomings of 'Profit maximization' as a goal of financial management ?
  - Retained earnings are a free source of finance. Comment.
  - What is a GDR ?
  - What is indenture ?
  - List down the finance functions and explain them in one sentence each.
  - What is actual and proper capitalization ?
  - Define degree of financial leverage.
- 2 Answer any two of the following : 16
- What are the functions of a finance manager ?
  - Discuss the relationship of financial management with economics and accounting.
  - Discuss in detail about capital market.
- 3
- Discuss the advantages and disadvantages of ordinary shares from investors; point of view. 7
  - Discuss features of term loan. 7
- OR
- Evaluate debenture as a source of long term finance from company's point of view. 7
  - Discuss advantages and limitations of Rights share from company's view point. 7

4 Evaluate leasing from lessor's and lessee's point of view. 14

OR

4 Provide a comparative analysis of equity share, preference share, debenture and term loan as a source of long term finance. 14

5 (a) Discuss merits and remedies of undercapitalization. 7  
(b) Write a note on leverages. 7

OR

5 (a) Discuss causes and effect of over capitalization. 7  
(b) Calculate operating, financial and combined leverage from the following details of firms :

| Particulars                  | P        | Q        | R        |
|------------------------------|----------|----------|----------|
| Output (units)               | 3,00,000 | 75,000   | 5,00,000 |
| Fixed Cost (Rs.)             | 3,50,000 | 7,00,000 | 75,000   |
| Variable Cost per unit (Rs.) | 1.00     | 7.50     | 0.10     |
| Interest expenses (Rs.)      | 25,000   | 40,000   | -        |
| Selling Price per unit (Rs.) | 3.00     | 25.00    | 0.50     |