RF-3549
Third Year B. B. A. (Sem. VI) Examination
March / April - 2017
Advance Financial Management

Time : Hours]  [Total Marks : 50

Instructions :

(2) Figures to the right indicate full marks allocated to that question.
(2) All questions are compulsory.
(4) Use of simple calculator is allowed.

1 Answers in brief : (any five) 10
   1. Explain any two assumptions of Gordon's model.
   2. Why dividend decision is important for an organization ?
   3. What is international parity system ?
   4. List out any two factors which affect corporate governance.
   5. What is synergy ?
   6. Define conglomerate merger.

2 Answer the following. 12
   (a) The EPS of a company is Rs. 16. the market capitalization rate applicable to the company is 12.5 percent. Retained earnings can be employed to yield a return of 10 percent. The company is considering a pay-out of 25 per cent and 75 percent. Which of these would maximize the wealth of shareholders as per walter's model ?
(b) The company has a cost of equity capital of 10 percent. The current market value of the firm is Rs. 20,00,000 Rs. 20 per share. Assume values for new investment as Rs. 6,80,000, earnings as Rs. 1,50,000 and dividends as Re. 1 per share at the end of the year. Calculate the amount required for new financing and number of shares to be issued to raise this finance.

3 Answer any two:

1. Explain any two form of corporate restructuring.
2. Explain the nature and need of corporate governance.
3. Explain (i) LBO (ii) Joint ventures

4 Answer any two:

1. Explain interbank deals with LIBOR.
2. Discuss interest rate parity in international market.
3. Write a detailed note on international banking.