



**KA-3560**

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

Time : Hours]

[Total Marks : 70

**Instruction :**

नीचे दशावलि निशानीवाणी विगतो उत्तरवडी पर अवश्य लपवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="Second Year B. B. A. (Sem. 3) (CBCS)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="Financial Management"/>	<input type="text"/>
Subject Code No. : <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="0"/>	<input type="text"/>
Section No. (1, 2,.....) : <input type="text" value="NIL"/>	<input type="text"/>
	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 (a) Discuss the advantages and disadvantages of ordinary shares from investors' point of view. 7
- (b) Discuss features of term loan. 7
- OR**
- (a) Evaluate debenture as a source of long term finance from company's point of view. 7
- (b) 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