

5. (a) Mohan bought a share 15 years ago for ₹ 10. It is now selling for ₹ 27.60. What is the compound growth rate in the price of the share? Give $CVF_{15 \times 1} = 27.60 = 7\%$.
- (b) How should the finance function of an enterprise be organized? What functions do the financial officer perform?
- (c) Calculate the expected rate of return for security *i* from. The following information :
 $R_f = 10\%$ $R_m = 18\%$ $\beta_1 = 1.35$
6. (a) A manufacturing company has an expected usage of ₹ 50,000 units of certain product during the next year. The cost of processing an order is ₹ 20 and carrying cost / unit is ₹ 0.50 for one year. You are required to calculate economic order quantity.
- (b) What is Financial Risk? How does differ from business risk? How does the use of financial leverage result in increased financial risk?
- (c) The initial cash out lay of a project is ₹ 5,00,000 and it can generate cash inflow of ₹ 1,90,000, 1,70,000, ₹ 1,60,000 and ₹ 1,20,000 in year 1 through u. Calculate the project payback period.

No. of Printed Pages : 04

Following Paper ID and Roll No. to be filled in your Answer Book.

PAPER ID : 291111

Roll No.

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Int. LLB Examination 2017-18

(Second Semester)

FINANCIAL MANAGEMENT

Time : Three Hours]

[Maximum Marks : 60

Note :- (i) Attempt all questions.

- (ii) Section A carries 8 marks, Section B carries 12 marks and Section C carries 40 marks.

SECTION -A

1. Attempt all parts of the following : $8 \times 1 = 8$
- (a) Write short notes on the nature of financial management.
- (b) What are the basic financial decisions?
- (c) Define short notes on "Net Present Value".
- (d) Define operating beverage.
- (e) Define E. O. Q.

- (f) Define matching approach of working capital.
 (g) What is a risk-free security?
 (h) Define systematic risk.

SECTION - B

2. Attempt any two parts of the following : $2 \times 6 = 12$

- (a) A company issues 10% irredeemable preference shares. The face value per share is ₹ 100, but the issue price is ₹ 95. What is the cost of a preference share? What is the cost if the issue price is ₹ 105?
 (b) Project M is under consideration. Its initial cash out lag is the 1800 and life of five years. The cost of capital of the firm is 12% and cash flow is as :

Project	Years				
	1	2	3	4	5
Cash flow	C_1	C_2	C_3	C_4	C_5
	600	300	1000	800	1100

- Calculate net present value, whether accepted or rejected.
 (c) How is the equity β (beta) determined?

- (d) You have ₹ 50,000 available today for investment. A bank has offered 8% interest payable annually for how long should you invest with the bank so that the amount is doubled? How much would be the simple interest for this period?

SECTION - C

Note :- Attempt all questions. Attempt any two part from each questions. $5 \times 8 = 40$

3. (a) Write short notes on the following :
 (i) Venture capital
 (ii) G. D. R.
 (b) Define decision tree analysis and its relevance in net present value.
 (c) A company E. P. S. change from ₹ 20 to ₹ 22 while EBIT changes from 200 to 220. Calculate degree of operating leverage.
 4. (a) Define various approaches of working capital.
 (b) Define Capital Asset Pricing Model (CAPM)?
 (c) Define capital budgeting. What are its advantages and limitations?