

Register Number :

Name of the Candidate :

**2 3 6 1**

**M.B.A. ( E-Business )  
DEGREE EXAMINATION, 2011**

( SECOND YEAR )

( PAPER - IX )

**210. FINANCIAL MANAGEMENT**

May ]

[ Time : 3 Hours

Maximum : 75 Marks

**SECTION = A** (5 × 3 = 15)

*Answer any FIVE the questions.*

*All questions carry equal marks.*

1. What are the objectives of financial management?
2. What do you mean by net working capital?
3. Define bonus shares.
4. State the types of leasing.

**Turn Over**

- 5. What is overall cost of capital?
- 6. Explain cash turnover.
- 7. What is the cost of retained earnings?
- 8. What is merger?

**SECTION - B** (3 × 15 = 45)

*Answer any THREE the questions.*  
*All questions carry equal marks.*

- 9. Explain briefly how wealth maximisation is superior to profit maximisation and also state the other objectives of financial management.
- 10. Explain the factor determining the dividend policy decision?
- 11. Explain the significance of capital structures.
- 12. What is rights issue? Illustrate the rights issue procedure.
- 13. Explain Walter's model with an example.

**SECTION - C** (1 × 15 = 15)

*( Compulsory )*

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

Types of capital	Book Value	Market Value	Specific Cost
	₹	₹	₹
Debtures	40,000	38,000	5%
Preference capital	10,000	11,000	8%
Equity capital	60,000	1,20,000	13%
Retained earnings	20,000	-	9%
	1,30,000	1,69,000	

You are requested to determine the weighted average cost of capital using Book value as weights. Do you think, there can be situation where weighted average cost of capital would be the same irrespective of the weights used.