

Total No. of Questions : 4]

SEAT No. :

PB1451

[6225]-606

[Total No. of Pages : 2

T.Y.B.B.A.

605(B) : Financial Management
(2019 Pattern) (CBCS) (Semester - VI)

Time : 2½ Hours]

[Max. Marks : 50]

Instructions to the candidates:

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.
- 3) Use of simple calculator is allowed.

Q1) Fill in the blanks and rewrite the sentence:

[5]

- a) Financial Leverage is also known as _____.
- b) _____ refers to excess capital.
- c) If cost of debt is 12% and Tax Rate is 40% then cost of debt After Tax is _____.
- d) Benefit cost Ratio is also known as _____.
- e) Shares having no face value are also known as _____.

Q2) Write short notes: (Attempt ANY THREE).

[15]

- a) Difference between Leasing and Hire Purchase.
- b) Types of preference shares.
- c) Causes of under capitalization.
- d) Weighted Average cost of capital.
- e) Mutually Exclusive Proposal.

P.T.O.

Q3) Long Answer Questions. (attempt any ONE).

[15]

- a) What do you mean by short Term sources of Finance? Explain in detail different short term sources of finance.
- b) Define capital Budgeting. Examine need and importance of capital Budgeting.

Q4) a) A firm has sales of Rs. 20,00,000; Variable cost of Rs. 14,00,000 and fixed costs Rs. 4,00,000 and debt of Rs.10,00,000 at 10% rate of interest
Prepare a statement of profit and calculate combined Leverage.**[5]**

b) Calculate financial leverage and operating leverage under situations (A) & (B) and given capital structure from the following information relating to the operation and capital structure of ABC Ltd. **[10]**

| | |
|-----------------------------|-------------|
| Installed Capacity | 2,000 Units |
| Actual production and sales | 1,600 Units |
| Selling price per unit | Rs.40 |
| Variable cost per unit | Rs.30 |
| <u>Fixed cost:</u> | |
| Situation (A) | Rs.1,600 |
| Situation (B) | Rs.3,000 |
| <u>Capital Structure:</u> | |
| 1) Ordinary Shares | Rs.10,000 |
| 2) Debt @ 10% | Rs.10,000 |

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