

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

