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SEAT No. :

P5994

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[6143]-606

T.Y.B.B.A.

**605 (B) : FINANCIAL MANAGEMENT
(2019 Pattern) (Semester - VI) (CBCS)**

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. **[5]**

- a) The sources that provide funds for a period exceeding 5 years are called _____
- b) The cost of debt of capital if interest rate is 15% and tax rate is 40% is _____
- c) Financial Leverage is calculated as _____
- d) Acquiring fixed assets on excessive amounts leads to _____
- e) _____ is the process of evaluating and selecting long term investments that are consistent with the goal of shareholder's wealth maximization.

Q2) Write Short Notes. (Any 3) **[15]**

- a) Process of Capital Budgeting
- b) Consequences of Over Capitalization
- c) NI and NOI approach of Capital Structure
- d) Types of Debentures
- e) Advantages of Equity Shares.

Q3) Write Long Answer. (Any 1) **[15]**

- a) What do you mean by Owned Capital? Explain in detail difference between Equity Shares and Preference Shares.
- b) Explain the term Capital Structure. What are the factors affecting capital structure.

P.T.O.

Q4) a) Calculate the Operating, Financial and Combined Leverages. [5]

Particulars	Rs.
Sales	1,00,000
Variable Cost	50,000
Interest	10,000
Fixed Cost	30,000

b) The following information is available. [10]

Units Sold	15,000
Unit Sale Price	Rs. 5
Fixed Cost	Rs. 20,000
Variable Cost Per Unit	Rs. 3
10% Debt Capital	Rs. 50,000
Tax Rate	25%

Calculate the Operating, Financial and Combined Leverages.

