

Total No. of Questions :5]

SEAT No. :

**PC1145**

**[6316]-406**

[Total No. of Pages :2

**T.Y. B.B.A.**

**605 B : FINANCIAL MANAGEMENT**

**(2019 Pattern) (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. [5]**

- a) FPO stands for \_\_\_\_\_
- b) \_\_\_\_\_ are paid dividends out of the balance available after payment of dividends to the
- c) WACC stands for \_\_\_\_\_
- d) Capital Budgeting deals with Investment in \_\_\_\_\_ assets.
- e) The cost of debt capital if interest rate is 10% and tax rate is 50% \_\_\_\_\_

**Q2) Write short Notes. (Any Three) [15]**

- a) Advantages of Equity Shares for Company.
- b) Types of Preference Shares.
- c) Steps in Capital Budgeting Process.
- d) Payback Period Method.
- e) Causes of Over Capitalization.

**Q3) Long Answer Questions**

- a) What is Hire Purchasing? Explain the advantages and disadvantages of Hire Purchasing. [15]

OR

- b) What is Under Capitalization? Explain Causes and Remedies of Under Capitalization. [15]

**P.T.O.**

**Q4) a) Calculate Financial Leverage. [5]**

Sales	Rs. 1,00,000
Variable Cost	60%
Fixed Cost	Rs. 10,000
Interest	Rs. 3,000
Tax	50%

**b) Following data is extracted from the books of Jitendra Ltd. [10]**

Particulars	Rs.
Production Capacity	20,000 Units
Actual production (All Sold Out)	50% of Capacity
Variable Cost	3,00,000
Fixed Cost	2,00,000
10% Debentures	10,00,000
Selling Price Per Unit	100

- Prepare Income Statement.
- Calculate Degree of Operating Leverage, Degree of Financial Leverage and Degree of Combined Leverage.
- Calculate Degree of Operating Leverage, Degree of Financial Leverage and Degree of Combined Leverage if Sales increase by 10% with other factors remaining same.

