

S.D.E.

**B.B.A. (2006 COURSE) SEM- IV : WINTER - 2017**

**SUBJECT : FINANCIAL MANAGEMENT**

Day : **Tuesday**  
Date : **26/12/2017**

Time : **02.00 PM TO 05.00 PM**  
Max. Marks : 80

**W-2017-4115**

**N. B. :**

- 1) Attempt **ANY FOUR** questions from section – I. Each question carries **12** marks.
- 2) Attempt **ANY TWO** questions from section – II. Each question carries **16** marks.
- 3) Answer to both the sections should be written in the **SAME** answer book.

**SECTION – I**

- Q. 1** What are the functions of CFO in this complex business environment?
- Q. 2** State different sources of long term finance and explain any two in detail.
- Q. 3** Describe the factors which influence the decision of retained profit and distribution of dividends.
- Q. 4** “Valuation of securities is the direct application of time value of money”. Elaborate this statement.
- Q. 5** Write short notes on **ANY TWO** of the following:
- a) Advantages of issue of Equity Shares
  - b) Combined Leverage
  - c) Profit Maximization Vs Wealth Maximization
  - d) Scope of Financial Management

**SECTION - II**

- Q. 6** Sujata Ltd. has the following capital structure as on 31-03-2015

Sources	Book Value
Equity share capital (6,00,000 shares)	60,00,000
10 % Preference Share Capital	10,00,000
14 % Debentures	20,00,000
Term loan	10,00,000
Interest on term loan is paid @ 12 % p. a.	

Interest on Term Loan is paid @12 % p. a. Calculate the weighted average cost of capital if dividend on equity is paid @ 15 % p. a.

**P. T. O.**

**Q. 7** The annual cash inflow of proposal of Sunrise Ltd. is given as under:

Year	Cash Flow (Rs.)
0	(-) 5,00,000
1	1,00,000
2	1,10,000
3	1,40,000
4	1,50,000
5	2,40,000

The estimated scrap value is Rs. 50,000/-  
Compute the following:

- i) Pay Back Period
- ii) Average Rate of Return
- iii) Internal Rate of Return
- iv) Net present value if discount rate is 10 %

**Q. 8**

Particulars	Rs.
10,000 Equity share of Rs. 10 each	1,00,000
10 % Preference Shares of Rs. 100 each	2,00,000
10 % Debentures of Rs. 100 each	2,00,000

Calculate EPS if EBIT is Rs, 1, 00,000. The company is 50% tax bracket.

Calculate the financial leverage. Also calculate financial leverage taking 20 % increase and 10 % decrease in EBIT.

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