

(A-8) SARDAR PATEL UNIVERSITY
TYBBA (HM)

Monday, 23 March 2015
10.30 am to 1.30 pm

UM05CBBH05: FINANCIAL MANAGEMENT

TOTAL MARKS: 60

Q-1 Explain the executive and routine finance functions in detail. 15

OR

Q-1 Explain the term financial planning. Which are the factors needed to be taken into consideration during financial planning? 15

Q-2 Describe the various sources of finance in brief. 15

OR

Q-2 Discuss the importance of Stock Exchanges and functions of SEBI. 15

Q-3 PQR company has determined that its optimum capital structure is as under:

New Common Stock - 30%, Long term Debt - 20%, Preferred Stock - 15% & Retained Earnings - 35%.

The company has determined that the effective cost of debt before tax is 8%. Cost of new common stock 12%. Cost of Preferred stock 7% and cost of retained earnings 8.5%. Assume 50% tax rate. Determine the WACOC. 15

OR

Q-3 Describe the Characteristics and patterns of Capital Structure. 15

Q-4 A company is considering to purchase a machine costing Rs. 50,000. Earnings before depreciation and taxes are expected to be as follows: (tax rate 50%). 15

Year	1	2	3	4	5
EBDT (Rs.)	15,000	20,000	25,000	15,000	10,000

Calculate: (A) PBP and (B) NPV @ 10%.

Year	1	2	3	4	5
PVIF@10%	.909	.826	.751	.683	.621

OR

Q-4 What is Capital Budgeting? Explain the sequence of steps in a comprehensive capital budgeting process. 15