

(A-1)

SARDAR PATEL UNIVERSITY
B.B.A (V SEM) EXAMINATION

No. of Printed Pages: 01

Tuesday, 24 March 2015
10.30 am to 12.30 pm

ADVANCED FINANCIAL MANAGEMENT: UM05EBBA02/07

Total Marks: 60

Q-1

- (A) Discuss the basic bond valuation model. 07
(B) Sarthi Ltd's expected dividend is Rs. 3.48 per share. Its dividend are expected to grow at 15% for 6 years and then at a rate of 8% indefinitely. The capitalization rate is 12%. Find out the value of the share. 08

Q-1

- (A) Explain the concept of value and discuss the various approaches to valuation. 07
(B) The total assets of Rs. 80,000 of a company are financed by equity funds only, the IRR is 10%. The company has a policy of retaining 70% of its profit. The capitalization rate is 12%. The company has 10,000 shares outstanding. Calculate present value per share. 08

Q-2

- (A) What do you mean by cost of capital? Discuss the significance of it in financial management. 07
(B) A company issues 14% irredeemable preference share of par value Rs. 100. Floatation cost is estimated about 5% of the expected sale price. What is the cost of preference share if preference shares are issued at par value, 10% premium and 10% discount? 08

OR

Q-2

- (A) State the assumptions of cost of capital. 07
(B) A company has currently an EPS of Rs. 4 and dividend payment rate is 40%. The price of shares is Rs. 30. The shareholders are in the marginal tax bracket of 30%. The brokerage rate is 2%. If return on investment is 20%, calculate cost of retained earnings. 08

Q-3 Discuss the various types of lease arrangements. 15

OR

Q-3 Explain the various factors affecting leasing decision. 15

Q-4 Define 'Venture capital'. State the future of venture capital in India. 15

OR

Q-4 Discuss the development of venture capital in India. 15