

[5/14]

**SARDAR PATEL UNIVERSITY**

T.Y.B.B.A. (HM/TTM) (NC) Examination, Semester – V

27<sup>th</sup> October 2018 (10:00 AM TO 12 O'clock)**FINANCIAL MANAGEMENT - UM05CBBH05****Note: Figures in the bracket to the right indicates marks.****Total Marks: 60**

- Q-1(A) What is Financial Management? Discuss functions of Financial Management. (07)
- Q-1(B) Discuss the objectives of Financial Management. (08)
- OR
- Q-1(A) What is financial planning? Discuss the factors affecting financial planning of the firm. (07)
- Q-1(B) Write note on 'Over Capitalization' (08)
- Q-2 Write note on: 1) Equity Share Capital 2) Debentures 3) Retained Earnings (15)
- OR
- Q-2(A) Discuss the functions of SEBI (Stock Exchange Board of India) (07)
- Q-2(B) Write note on "Bombay Stock Exchange" (08)
- Q-3(A) What is cost of capital? Discuss the importance of cost of capital. (07)
- Q-3(B) Write note 'Weighted Average Cost of Capital' (08)
- OR
- Q-3(A) The following information is available from the Balance Sheet of a company (07)
- Equity share capital – 20,000 shares of Rs. 10 each Rs. 2,00,000
- Reserves and Surplus Rs. 1,30,000
- 8% Debentures Rs. 1,70,000
- The rate of tax for the company is 50%. Current level of Equity Dividend is 12%.
- Calculate the weighted average cost of capital using the above figures.
- Q-3(B) Discuss the features of Optimum capital structure. (08)
- Q-4 What is Capital Budgeting? Discuss the methods of Capital Budgeting. (15)
- OR
- Q-4(A) Discuss significance of Capital Budgeting. (05)
- Q-4(B) AB limited is considering to invest in two mutually exclusive projects A and B which require (10)
- initial investment of Rs. 10,00,000. The Net Cash inflow from both the project is estimated as under.

Year	1	2	3	4	5
Net CF from A (Rs.)	3,50,000	3,90,000	3,20,000	2,80,000	2,50,000
Net CF from B (Rs.)	3,50,000	3,90,000	3,00,000	2,50,000	3,00,000

The Required Rate of Return on investment is 12% p.a. Present Value of Re. 1 @ 12 % Discount Factor is as under.

Year	1	2	3	4	5
PV of Re. 1 @ 12%	0.8928	0.7971	0.7117	0.6355	0.5674

Advice the company to select the project using;

1) Net Present Value Method

2) Profitability Index Method

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