

## SARDAR PATEL UNIVERSITY

## [32 &amp; A-29] B.B.A. (GENERAL) (SEMESTER-III) EXAMINATION

2017

Monday, 20<sup>th</sup> November

02:00 P.M. To 04:00 P.M.

## UM03CBBA02: FINANCIAL MANAGEMENT-I

Total Marks: 60

Note: (1) Figures to the right indicate full marks of each question.

(2) All questions carry equal marks.

Q-1 (A) "Wealth Maximization is superior objective than profit maximization objective of financial management."- Explain. [11]

(B) Write a note on: Risk Return Trade off [04]

OR

Q-1 (A) "The importance of financial management has increased in modern times." Elucidate. [09]

(B) List out routine function of financial management and explain any three functions in detail. [06]

Q-2 (A) Write a note on: 1. Treasury Bills 2. Call Money Market [08]

(B) Difference between Capital Market and Money Market. [07]

OR

Q-2 Explain equity shares and debentures as long term source of finance. [15]

Q-3 Define financial planning and explain the characteristics of a sound financial plan and also discuss limitation of financial planning. [15]

OR

Q-3 Explain meaning, causes and consequences of over capitalization. [15]

Q-4 (A) Jitendra limited is considering the purchase of one of the following machines. [12]

Relevant data regarding machines are as follow:

Particulars	Machine - X	Machine - Y
Estimated Life	3 Years	3 Years
Capital Cost	Rs. 90,000	Rs. 90,000
Earnings After tax and Depreciation: Year-1	Rs. 20,000	Rs. 10,000
Year-2	Rs. 25,000	Rs. 35,000
Year-3	Rs. 20,000	Rs. 25,000

The company follows straight line method of depreciation and no salvage value for both machines. Calculate:

1. PBP

2. ARR

3. NPV @ 10% cost of capital

(B) Write a note on: Pay Back Period Method (PBP) [03]

(P.T.O.)

Year	1	2	3	4	5
Income (Rs.)	1,00,000	1,00,000	80,000	80,000	40,000

1. Pay Back Period
2. Accounting Rate of Return
3. Net Present Value
4. Profitability Index
5. Internal Rate of Return

[03]

