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SARDAR PATEL UNIVERSITY
S.Y B.B.A. (ISM) IVth SEMESTER
FINANCIAL MANAGEMENT –II (UM04CBBS10)
19th APRIL, 2016
TIME: 10:30 AM TO 12:30 PM

TOTAL MARKS - 60

Note: Figures to the right indicate marks.

Q.1 The Balance-sheet of SHAH Ltd is as on 31st March 2014 and 2015.

(15)

Liabilities	2014	2015	Assets	2014	2015
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
12% Red.of Pref.Share	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & Loss A/C	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash in hand and at Bank	25,000	18,000
Provision for Taxation	40,000	50,000			
	<u>6,77,000</u>	<u>8,17,000</u>		<u>6,77,000</u>	<u>8,17,000</u>

Additional Information:

1. Depreciation of Rs. 10,000 and Rs.20,000 have been charged on plant Account and Land and Building Account respectively in 2014-15.
2. An interim dividend of Rs. 20,000 has been paid in 2014-15.
3. Income tax Rs.35, 000 was paid during the year 2014-15.

Prepare a Cash-flow statement.

OR

Q.1 What is Cash-Flow Statement? Discuss its utility and limitations.

(15)

Q.2

The Balance-sheet of SHAKSHI Ltd is as below.

Balance-sheet

(15)

Liabilities	Rs.	Assets	Rs.
Equity Capital (Rs.10 per share)	3,00,000	Net Fixed Assets	7,50,000
10% Long term Debt	4,00,000	Current Assets	2,50,000
Retained Earnings	1,00,000		
Current Liabilities	2,00,000		
	10,00,000		10,00,000

The company's total assets turnover ratio is 6. Its fixed operating costs is Rs. 5,00,000 and its Variable cost ratio is 40%. The income-tax rate is 50%

1. Calculate all types of leverages.
2. Determine the likely level of EBIT, if EPS is
(a) Rs.1 (b) Rs.3 (c) Rs.4 and (d) Rs.0

OR

- Q.2 (A) The capital structure of Nisha Ltd. Consists of an equity share capital of Rs.10,00,000 (shares of Rs.100 par value) and Rs.10,00,000 of 10% debentures. Sales increased by 20% from 1,00,000 units to 1,20,000 units, the selling price is Rs.10 per unit. Variable cost amounts to Rs.6 per unit and fixed expenses amount to Rs.2,00,000. The income tax rate is assumed to be 50%. You are required to calculate the following: (10)

1. The percentage increase in earnings per share.
2. The degree of financial leverage at 1,00,000 units and 1,20,000 units.
3. The degree of operating leverage at 1,00,000 units and 1,20,000 units

- (B) What is Leverage? Explain the utility of Financial Leverage. (05)

- Q.3 (A) What is Leasing? Discuss types of Leasing (10)

- (B) Differentiate between Leasing and Hire Purchase (05)

OR

- Q.3 (A) Discuss rationale behind Leasing decision. (10)

- (B) Write a short note on: Project Finance (05)

- Q.4 (A) Discuss functions of Stock Exchange. (08)

- (B) Write a short note on: Internet Stock Trading (07)

OR

- Q.4 (A) Distinguish between Money Market and Capital Market. (08)

- (B) Write a short note on: IDBI (Industrial Development Bank of India) (07)

ALL THE BEST