



**RT-010-001508**

Seat No. \_\_\_\_\_

**Third Year B. B. A. (Sem. V) (CBCS) Examination**

**March - 2019**

**508 - Ad. Financial Management**  
*(Old Course)*

**Faculty Code : 010**

**Subject Code : 001508**

Time :  $2\frac{1}{2}$  Hours]

[Total Marks : 70

- 1 Discuss in detail factor affecting capital structure decision 14  
in actual practice.

**OR**

- 1 Determine the cost of capital, value of firm and market 14  
price of equity shares on the basis of following information  
and examine the impact of change in the degree of leverage  
on cost value of firm as well as market price of shares.

- (1) Firm's EBIT - Rs. 2,00,000
- (2) Firm 15% debentures Rs. 4,00,000
- (3) Cost of equity - 20%
- (4) No. of outstanding ordinary share is 7,000

- 2 Explain in detail Walter's dividend relevance model. 14

**OR**

- 2 What is cash budget ? How is it prepared ? What are 14  
its purpose ?

- 3 Meaning of Receivables Management. Describe various 14  
factors of affecting receivables management.

**OR**

- 3** From the following data calculate : **14**
- (a) Safety stock
  - (b) Re-order level
  - (c) Maximum level in respect of material 'A'
- (1) Economic order quantity..... 500 units
- (2) Lead time..... 3 weeks
- (3) Weekly usage..... 50 units
- (4) Weekly safety stock desired by the firm ..... 2

- 4** Explain the ABC analysis for inventory control. What other techniques are there ? Explain them. **14**

**OR**

- 4** Discuss the detail arbitrage process of M.M. approach to capital structure. **14**

- 5** Write short notes : (any **two**) **14**
- (1) Corporate Dividend Behaviour
  - (2) Miller - Orr Model
  - (3) Credit Rating
  - (4) Just in time Inventory Control (JIT).

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