

**B.B.A. SEM – VI (2015 CBCS Course) : SUMMER - 2019**  
**Subject: Elective-III: Elements of Corporate Finance (Financial Management)**

Day: Monday  
Date: 22/04/2019

**S-2019-1983**

Time: 10.00 AM TO 01.00 PM  
Max. Marks: 100

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**N.B.:**

- 1) Answer ANY FOUR questions from Section I. Each question carries 15 Marks.
  - 2) Answer ANY TWO questions from Section II. Each question carries 20 Marks.
  - 3) Answers to Both the sections to be written in *SAME* answer books
  - 4) Draw a labeled diagram WHEREVER necessary
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**SECTION - 01**

Q.1) Answer the following: (15 Marks X 1 = 15 Marks)

- a) What is Short Range Financial Planning? Outline the techniques used for Short Range Financial Planning.

Q.2) Answer the following: (15 Marks X 1 = 15 Marks)

- a) Explain the benefits and drawbacks of raising finance through Public Deposits.

Q.3) Answer the following: (15 Marks X 1 = 15 Marks)

- a) Write a detailed note on institutional finance available to the industrial sector in India.

Q.4) Answer the following: (15 Marks X 1 = 15 Marks)

- a) Elucidate the factors affecting dividend decisions and dividend policies of a company.

Q.5) Answer the following: Attempt ANY ONE (15 Marks X 1 = 15 Marks)

- a) What is a 'Cash Flow Statement'? Discuss the procedure of a preparing a cash flow statement with suitable examples.
- b) Describe the distinctive features of corporate governance in the Indian Private sector.

Q.6) Write short notes on the following: Attempt ANY THREE (5 Marks X 3 = 15 Marks)

- a) Pro forma Balance Sheet
- b) Types of Debentures
- c) Problems and Difficulties of Capital Budgeting
- d) Earnings Per Share
- e) Annual Report
- f) Share Holders Pre-emptive Rights

**SECTION - 02**

Q.7) Answer the following: Attempt ANY ONE (20 Marks X 1 = 20 Marks)

- a) Write a detailed note on the Contents and Disclosures of Annual Report of a Company.
- b) State and explain the meaning, features and types of Preference Shares.

Q.8) Answer the following: Attempt ANY ONE (20 Marks X 1 = 20 Marks)

- a) ABC Limited has under consideration two mutually exclusive proposals for the purchase of a new equipment.

Particulars	Machine R	Machine S
Net cash outlay	1,00,000	75,000
Salvage Value	Nil	Nil
Life (Years)	5	5
Profit Before Depreciation and Tax:	Rs.	Rs.
Year 1	25,000	18,000
Year 2	30,000	20,000
Year 3	35,000	22,000
Year 4	25,000	20,000
Year 5	20,000	16,000

Assuming the tax rate to be 50% and using straight line method of depreciation, suggest the best alternative to the management, using:

- Pay back period
  - ARR
  - NPV at 10% Discount Factor
  - PI at 10% Discount Factor
- b) Explain the features and limitations of the three approaches of determining a firm's capital structure: (i) EBIT-EPS Approach (ii) Valuation Approach and (iii) Cash flow Approach

Q.9) Answer the following: Attempt ANY ONE (20 Marks X 1 = 20 Marks)

- a) From the following Balance Sheet of William & Co.Ltd., you are required to prepare a Schedule of Changes in Working Capital and Statement of Sources and Application of Funds.

Balance Sheet					
Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Capital	80,000	85,000	Cash in hand	4,000	9,000
P & L A/c	14,500	24,500	Sundry Debtors	16,500	19,500
Sundry Creditors	9,000	5,000	Stock	9,000	7,000
Long-Term Loans	-	5,000	Machinery	24,000	34,000
			Building	50,000	50,000
<b>Total Rs.</b>	<b>1,03,500</b>	<b>1,19,500</b>	<b>Total Rs.</b>	<b>1,03,500</b>	<b>1,19,500</b>

- b) Describe the distinctive features of corporate governance in the Indian Public sector.

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