

B.B.A. SEM – VI (2015 CBCS COURSE) : SUMMER - 2018
Subject: Elective-III: Elements of Corporate Finance (Financial Management)

Day: **Wednesday**

Time: **10.00 AM TO 01.00 PM**

Date: **02/05/2018**

S-2018-1629

Max. Marks: 100

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 SEPARATE 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) Define the term 'Financial Planning'. Describe the various steps involved in financial planning.

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

- a) Explain the meaning, types and features of debentures.

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

- a) Define the term 'Capital Structure'. What are the important elements of a capital structure?

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

- a) Discuss the Walter's model and Gordon's model vis-à-vis dividend policy.

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

- a) Write a detailed note on the Contents and Disclosures of Annual Report of a Company.
- b) State and explain the SEBI provisions on corporate governance.

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

- a) Public Deposits
- b) Venture Capital
- c) Profitability Index Method
- d) Capital Structure
- e) Balance Sheet & Profit and Loss Account
- f) Corporate Governance Practices

SECTION - 02

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

- a) Explain the concept of strategic decision making. What are the steps involved in the strategic decision making process?
- b) "The equity share is different from a preference share". Illustrate in the light of preferences available to preference shareholders.

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

a) A company has to select one of the two alternative projects whose particulars are given below:

Particulars	Project A Rs.	Project B Rs.
Initial Outlay:	1,18,720	1,00,760
Net Cashflow		
end of the year 1	1,00,000	10,000
2	20,000	10,000
3	10,000	20,000
4	10,000	1,00,000

The company can arrange necessary funds at 8%.

Compute:

- i) Pay back period of both projects
 - ii) NPV of both projects at 8% Discount rate
 - iii) PI of both projects at 8% Discount rate
 - iv) IRR of both the projects
- b) What is stock dividend? Explain the advantages of stock dividend policy of a company.

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

a) From the following Balance Sheet of ABC & Co.Ltd., you are required to prepare: (a) Schedule of Changes in Working Capital, (ii) Fund Flow Statement, and (iii) Funds from Operations.

Balance Sheet

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Equity Capital	1,00,000	1,00,000	Goodwill	6,000	6,000
General Reserve	14,000	18,000	Patents	6,000	6,000
P & L A/c	16,000	13,000	Building	50,000	46,000
Bank Overdraft	3,000	2,000	Machinery	27,000	26,000
Sundry Creditors	5,000	3,400	Investments	10,000	11,000
Bills Payable	1,200	800	Stock	20,000	13,400
Provision for Taxation	10,000	11,000	Bills Receivable	12,000	13,200
Proposed Dividend	6,000	7,000	Debtors	18,000	19,000
Provision for Doubtful Debts	400	600	Cash at Bank	6,600	15,200
Total Rs.	1,55,600	1,55,800	Total Rs.	1,55,600	1,55,800

Additional Information:

- i. Depreciation charged on Machinery Rs.4,000 and on Building Rs.4,000.
 - ii. Provision for Taxation of Rs.19,000 was made during the year 2017.
 - iii. Interim dividend of Rs.8,000 was paid during the year 2017
- b) Write a detailed note on the legal provisions related to appointment of auditors of a company.
