

BACHELOR OF BUSINESS ADMINISTRATION (C.B.C.S.) (2015 COURSE)
B.B.A. Sem-VI : WINTER : 2021
SUBJECT: ELEMENTS OF CORPORATE FINANCE

Day : Wednesday
Date : 12-01-2022

W-13904-2021

Time : 02:00 PM-05:00 PM
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)

What is financial planning? How is it different from financial forecasting?

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

“Preference share capital is considered as a hybrid form of financing”. Discuss.

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

“The Capital Budgeting decisions are not only critical and analytical in nature, but also involve various difficulties which a finance manager may come across”. Explain with suitable examples.

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

“Financial management can use dividend policy to maximize the wealth position of equity shareholders”. Explain the statement in detail with reference to the determinants of dividend policy.

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

- a) Distinguish between Funds Flow Statement and Cash Flow Statement.
- 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) Principles of a sound financial plan
- b) Public Deposits
- c) Profitability Index Method
- d) Dividend Policy
- e) Annual Report
- f) Corporate Governance Rating

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) What is Venture Capital? Explain the various stages of venture capital financing.
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Q.8) Answer the following: Attempt ANY ONE (20 Marks X 1 = 20 Marks)

- a) Taj Company is considering the purchase of one of the following machines, whose relevant data is as follows:

Particulars	Machine X	Machine Y
Estimated Life (years)	3	3
Capital cost	Rs.90,000	Rs.90,000
Earnings after tax	Rs.	Rs.
Year 1	40,000	20,000
Year 2	50,000	70,000
Year 3	40,000	50,000

The company follows the straight line method of depreciation; the estimated salvage value of both the machines is zero. Assume 10% cost of capital.

Show the most profitable investment based on:

- Pay back period
 - Accounting Rate of Return
 - NPV and
 - Profitability Index
- b) Define the term 'Capital Structure'. State the important elements of a Capital Structure.

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:

- Depreciation charged on Machinery Rs.4,000 and on Building Rs.4,000.
- Provision for Taxation of Rs.19,000 was made during the year 2017.
- Interim dividend of Rs.8,000 was paid during the year 2017

- b) Write a detailed note on the rights of shareholders of a Company.
