

BACHELOR OF BUSINESS ADMINISTRATION (C.B.C.S.) (2015 COURSE)
B.B.A. Sem-VI :SUMMER- 2022
SUBJECT : ELEMENTS OF CORPORATE FINANCE

Day : Wednesday
Date : 15-06-2022

S-13904-2022

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 **SAME** answer books
 - 4) Draw a labeled diagram WHEREVER necessary
-

SECTION - 01

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

Discuss the importance and techniques of Long Range Financial Planning.

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

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

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

Discuss the merits and demerits of Payback Period method used in capital budgeting.

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

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

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

- a) What is a Cash Flow Statement? Explain the mechanics involved in preparation of a Cash Flow Statement.
- b) Write a detail note on the qualifications and disqualifications of a company auditor.

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

- a) Projected financial statements
- b) Types of Debentures
- c) Significance of Capital Budgeting
- d) Dividend Decisions
- e) Retained Earnings
- f) Re-Appointment of Retiring Auditors

SECTION - 02

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

- a) Enumerate and discuss briefly the various techniques of financial forecasting.
- b) What is Equity Share Capital? Explain the merits and demerits of using equity capital as a source of raising long term finance.

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:

- Pay back period of both projects
 - NPV of both projects at 8% Discount rate
 - PI of both projects at 8% Discount rate
 - IRR of both the projects
- b) What is stable dividend policy? Explain the different forms of dividend payment.

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

a) From the following Balance Sheet of Gupta & Co., 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.
Share Capital	90,000	1,00,000	Goodwill	12,000	10,000
General Reserve	14,000	18,000	Building	40,000	36,000
P & L A/c	19,500	12,000	Machinery	37,000	36,000
Provision for Taxation	16,000	17,000	Stock	30,000	25,400
Sundry Creditors	8,000	5,400	Sundry Debtors	20,000	22,200
Bills Payable	6,200	1,300	Cash at Bank	6,600	15,200
Provision for Doubtful Debts	1,900	2,100	Investments	10,000	11,000
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.
 - Interim dividend paid during the year 2017 was Rs.7,500.
 - Provision for Taxation of Rs.5,000 was made during the year 2017.
- b) Define the term 'Corporate Governance'. Discuss the important elements of Corporate Governance.
