647510 **BBA4CorC403x** **Seat No :________**

B.B.A. Semester - 4 (*CBCS*) Examination
April/May -2022 [NEW COURSE]
Corporate Finance Practices (Core)

Time: 2:30 Hours **Marks: 70**

Instructions:
1. All questions are compulsory.
2. Figures to the right indicate marks.

Q.1 For safe business long-term capital is inevitable. Discuss in liea with sources of long term capital. (14)

OR

Q.1 What is capital budgeting? Write note on characteristics of capital budgeting.

Q.2 Write a detailed note on ABC analysis with chart. (14)

OR

Q.2 What is receivables management? What are the factors considered while deciding the size of receivables.

Q.3 Given below data of Shivam manufacturers calculate the operating leverage in each of the following three situations. (14)

(1) When fixed costs are Rs. 900.
(2) When fixed costs are Rs. 1,500.
(3) When fixed costs are Rs. 2,500.

Basic information

The installed capacity of a factory is 1200 units. Actual capacity used is 800 units. Selling price per unit is Rs. 10 variable cost is Rs. 6 per unit.

OR

Q.3 Bahubali company has a choice of the following three financial plans. You are required to calculate the financial leverage in each case, and also interpret it.

Particular	X(Rs.)	Y(Rs.)	Z(Rs.)
Equity capital	4,000	2,000	6,000
Debt	4,000	6,000	2,000
Operating profit (EBIT)	800	800	800

Interest @10% on debt in all cases.

Q.4 What is dividend? Which are the factors which should be considered while arriving at the dividend policy. (14)

OR

Q.4 When we talk about time value of money, essentially we think about simple interest and compound interest of money. Explain with context to the value of money with practical examples.

Q.5 Ryan company offers for public subscription equity shares of Rs. 10 each at a premium of 10% the company pays 5% of the issue price as underwriting commission. The rate of dividend expected by the equity shareholders ps 20%. (14)

You are required to calculate the cost of equity capital. Will your cost of capital be different if it is to be calculated on the present market value of equity shares which is Rs.15?

OR

Q.5 Define the term cost of capital and explain it's importance in financial management.

****