



**DZ-161100010406**

Seat No. \_\_\_\_\_

**B. B. A. (Sem. IV) Examination**

**April - 2022**

**Corporate Finance**

*(General Option) (New Course)*

Time :  $2\frac{1}{2}$  Hours]

[Total Marks : 70

- Instructions :** (1) All questions carry equal marks.  
(2) Write answer any five questions.

- 1 Explain the meaning of 'leasing' and discuss various types of leases. 14
- 2 Discuss in detail any two long term sources of finance. 14
- 3 Define the term 'working capital' and discuss the factors affecting working capital for Indian industries. 14
- 4 Write short note : (any two) 14
  - (1) Economic ordering quality.
  - (2) Cash budget.
  - (3) Elements of receivable management.
- 5 Define cost of capital and explain its importance and how to determinants of cost of capital in financial management. 14
- 6 Amidhara company provide the following information : 14

Type of Capital	Book Value	Market Value	Specific Cost
Equity Share Capital	8,00,000	15,40,000	14.00%
Preference Share Capital	1,40,000	1,60,000	9.00%
Retained Earnings	3,00,000	—	10.00%
Debentures	6,00,000	5,70,000	6.00%

From the above information, find out the weighted average cost of capital using

- (1) Book Value weights and (2) Market Value weights.

- 7 The following details related to 'Madhav Ltd.' : 14
- |   |          |
|---|----------|
| Equity Share Capital (each share of Rs. 10) ..... | 80,000   |
| Reserve and Surplus .....                         | 70,000   |
| 15% Debentures .....                              | 1,00,000 |
| Earning before Interest and Taxes (EBIT).....     | 40,000   |
| Tax bracket of the company .....                  | 40%      |
- Calculate :
- (1) The Degree of Financial Leverage (DFL).
- (2) Ascertain the Earning Per Share (EPS).
- 8 Explain the meaning of over-capitalization. Discuss the 14  
causes of over-capitalization and suggest its remedies.
- 9 Discuss in detail determinants of Dividend Policy. 14
- 10 Write a note :
- (1) Types of Dividend. 7
- (2) Walter's model of Dividend. 7
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