



Seat No. _____

HM-161100010406
B. B. A. (Sem. IV) (CBCS) (W.E.F. 2016)
Examination
April - 2023
Corporate Finance

Time : $2\frac{1}{2}$ Hours / Total Marks : 70

Instructions :

- (1) All the questions are compulsory.
- (2) Figures to the right side indicate marks.
- (3) All working notes should be a part of your answer.

1 Discuss in detail any two long term sources of finance. 14

OR

- 1 Write notes on :
- (a) Venture Capital 7
 - (b) Lease finance. 7
- 2 Define the term “working capital” and discuss the factors affecting working capital in detail. 14

OR

- 2 (a) Discuss the motives of Holding Cash. 7
- (b) Discuss concept and significance of inventory management. 7
- 3 Define Cost of Capital and explain its determinants and importance. 14

OR

- 3 The following is an extract from the Balance Sheet of ABC Ltd., as on 31st March, 2022 : 14

<i>Particulars</i>	<i>Amount (Rs.)</i>
Equity shares of Rs. 10 each	13,00,000
Reserves	12,12,500
9% Preference shares of Rs. 100 each	11,25,000
14% Debentures	12,50,000
Total Long-Term Funds	<u>48,87,500</u>

The ordinary shares are quoted at Rs. 4. Assume that the market estimate of the next ordinary dividend is Re. 0.30 growing thereafter at 8% p.a. infinitely. The preference shares, which are irredeemable, are quoted at Rs. 72 and the debentures are quoted at par. Corporation tax is 50%.

Calculated weighted average cost of capital of the firm.

- 4 What is under capitalization ? Discuss causes, effects and remedies of over capitalization. **14**

OR

- 4 Calculate Operating Leverage, Financial Leverage and Combined Leverage from the following data under Situation I and Situation II and Financial Plan A and Financial Plan B. **14**

Installed Capacity	10,000 units	
Actual Production and Sales	60% of capacity	
Selling Price	Rs. 40 per unit	
Variable Cost	Rs. 25 per unit	
Fixed Cost :		
Situation I	Rs. 20,000	
Situation II	Rs. 30,000	
	Financial Plan	
	A	B
Equity	15,000	20,000
Debt at 20%	15,000	10,000
	30,000	30,000

- 5 Write short notes : (any two) **14**
- Types of Dividends
 - Walter's model of dividend
 - Forms of Dividend
 - Legal provisions regarding payment of Dividend.