

B.Com (Professional), 4th Semester**Paper: BCOP 404 BUSINESS FINANCE****(SET II)**

Time Allowed – 3Hours

Max Marks - 60

Note: Section A is compulsory; each question is of 2 marks. Attempt any four questions out of six questions under Section B. each question is of 10 marks.

SECTION – A

- Q1. What is business finance?
 Q2. Give various forms of dividends.
 Q3. Define Receivables Management.
 Q4. What is cost of equity?
 Q5. What is financial leverage?
 Q6. What is EOQ?
 Q7. Define Capital Budgeting.
 Q8. What is venture capital financing?
 Q9. Rs.1,000 were deposited into a savings account paying interest at an annual rate of 10% compounded semi-annually, what is its future value after five years?
 Q10. What is ploughing back of profits?

SECTION – B

- Q11. Explain the theories of Capital Structure to evaluate impact on value of firm.
 Q12. Discuss the scope and objectives of finance function in business and role of Chief Financial Officer.
 Q13. Examine critically the different approaches for computing cost of equity. Discuss the merits and demerits of each.
 Q14. What is working capital? Discuss the factors determining working capital requirements in an organization.
 Q15. A company is considering an investment proposal to purchase a machine costing Rs. 2,50,000. The machine has a life expectancy of 5 years and no salvage value. Company's tax rate is 40%. It uses straight line method for providing depreciation. The estimated cash flows before tax after depreciation from the machine are as follows:

Year	CFBT	PV@10%
1	60,000	0.909
2	70,000	0.826
3	90,000	0.751
4	1,00,000	0.683
5	1,50,000	0.621

Calculate : (a) Pay Back Period (b) Average Rate of Return (c) Present Value and Profitability Index @ 10% discount rate.

Q16. The following information pertains to XY Ltd.

Earnings of the Company	Rs. 5,00,000
Dividend Pay Out Ratio	60%
No. of shares outstanding	1,00,000
Equity Capitalization Rate	12%
Rate of Return on Investment	15%

- a) What is market value per share as per Walter's Model?
- b) What is optimum payout ratio and calculate market value at that level?

————— End —————

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