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

B.B.A. Semester - 4 (*CBCS*) Examination
March/April-2024 [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.

Que.1 Discuss in detail Equity Shares as a source of finance along with its advantages and limitations. (14)

OR

Que.1 An investment f Rs. 2,00,000 is expected to generate the following cash inflows in six years.

Year 1 : 70,000 ₹
Year 2 : 60,000 ₹
Year 3 : 55,000 ₹
Year 4 : 40,000 ₹
Year 5 : 30,000 ₹
Year 6 : 25,000 ₹

Compute payback period of the investment. Should the investment be made if management wants to recover the initial investment in 3 years or less?

Que.2 What are the techniques to control the inventories? Explain (14)

OR

Que.2 (A) Factors influencing the size of Receivables. (07)
(B) Factors determining need of Cash. (07)

Que.3 What is the difference between the Operating Leverage and Financial Leverage. (14)

OR

Que.3 Calculate operating leverage ad financial leverage from the following information relating to the operation and capital structure of a company.

Installed capacity	2,000 units
Actual production and sales	50% of the capacity
Selling price	₹ 20 per unit
Variable cost	₹ 10 per unit
Fixed Cost	₹ 4,000

<u>Capital Structure</u>

Equity	₹ 5,000
Debt (Rate of Interest 10 %)	<u>₹ 15,000</u>
	₹ 20,000

Que.4 What is Dividend? What are the factors that affect the dividend decision of a firm? (14)

OR

Que.4 Discuss in detail the concept of Simple interest and Compound interest with simple example.

Que.5 Write Short Notes. (Any Two) (14)
(1) Types of Cost of Capital
(2) Determinants of Cost of Capital
(3) Importance of cost of Capital

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