 SX/S-4/UG(P) —
BBA (X)

2017

Time : 3 hours

Full Marks : 70

Candidates are required to give their answers in their own words as far as practicable.

The questions are of equal value.

*Answer any **seven** questions.*

1. Find out the present value of Rs. 6,000 to be received at the end of each of the next five years assuming a discuunt rate of 10 percent.

   Present Value Interest factors at the end of each year at 10% are :

1st year	0.9090
2nd year	0.8264
3rd year	0.7513

4th year	0.6830
5th year	0.6209
6th year	0.5645

2. Discuss the sources of long-term Capital available to the companies in India. In this context discuss the merits and demerits of Equity Shares and Preference Shares as sources of Long-term Capital.

3. From the following information, determine the opening, closing stock and gross profit on sales ratio :

   Stock-turnover 5 times, total sales Rs, 2,00,000, rate of gross profit on cost is 33-1/3%. Closing stock is more by Rs. 4,000 than the opening stock.

4. From and following information, calculate cash from operating activities :

	Rs.
Profit and loss account as on 1st Jan, 2016 (Debit Bal.)	25,000

	Rs.
Profit and Loss Account as on 31st Dec., 2016 (Credit Bal.)	80,000
Depreciation on fixed assets	12,500
Amortization of goodwill	8,000
Loss on sale of machine	20,000
Provision for taxation	15,000
Transfer to general reserve	30,000
Decreases in debtors	22,800
Decreases in bills payable	4,700
Outstanding expenses on 1st Jan., 2016	5,000
Outstanding expenses on 31st Dec., 2016	6,500
Prepaid expenses on 1st Jan., 2016	2,000
Prepaid expenses on 31st Dec., 2016	Nil

5. "Inadequate working capital is disastrous, whereas redundant working capital is a criminal waste." In the light of this statement analyze carefully the merits and demerits of surplus and deficit working capital.

6. The following informations have been given in respect of a company :

Particulars	Amount (Rs.)
Equity share capital (divided into shares of Rs. 10 each)	10,00,000
14% Debenture	30,00,000
Selling price/unit	50
Variable cost /unit	30
Fixed costs	12,00,000

The company is producing at present 1,00,000 units. Now the management of the company plans increase output by 25%. Tax rate for the company is 40%.

On the basis of the above informations you are required to make out the following calculations for the existing as well as the planned level of output :

(a) Operating Leverage

(b) Financial Leverage

(c) Earnings per share

7 What do you understand by capital structure of a firm ? Discuss the basic qualities of a capital structure.

8. Reliance Industries Ltd. Is considering to raise a sum of Rs. 20,00,000 (20 Lakhs) by issuing 14% debenture of Rs. 100 each. The issue will be at a discount of 3%. The debentures will be redeemable at the end of 10th year and will be redeemed at a premium of 5%. The floatation charge will be 2% of the nominal value of the Debenture. Tax rate is 50%. Compute the before-tax and after-tax cost of Debentures.

9. What do you mean by Capital budgeting and techniques of capital budgeting ? Explain discounted Pay Back Period Method with the help of an example.

10. What do you understand by Capital Market ? Explain the role and functions of Capital Market.

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