Roll No. | | | | | | | | | | | | **Total No. of Pages : 02**

Total No. of Questions : 07

B.Com. (2011 & Onwards) (Sem.–4)

BUSINESS FINANCE

Subject Code : BCOP-404

Paper ID : [B1143]

Time : 3 Hrs. **Max. Marks : 60**

INSTRUCTION TO CANDIDATES :

1. **SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.**
2. **SECTION-B contains SIX questions carrying TEN marks each and a student has to attempt any FOUR questions.**

SECTION-A

1. **Write briefly :**

   a. Why does money have time value?

   b. Role of chief Financial officer.

   c. Profit maximization *Vs* wealth maximization.

   d. Define gross working capital.

   e. Define venture capital.

   f. What is capital gearing?

   g. What is dividend payout ratio?

   h. What is reordering level?

   i. Explain various motives for holding cash.

   j. A Project costs Rs. 1,00,000 and yields annual cash inflow of Rs. 20,000 for 8 years. Calculate its Payback period.

SECTION-B

2. Briefly discuss the various sources of short and long term sources of finance.

3. What is the relation of business finance with other business functions?

4. Define capital structure. What should generally be the features of an appropriate capital structure?

5. What is 'receivables management'? How is it useful for business concerns?

6. The Performa cost sheet of a company provides the following particulars :

Elements of cost	**Cost per unit (Rs.)**
Raw material	80
Direct labour	30
Overheads	60
Total cost	170
Profit	30
Selling price	200

The following further particulars are available :

Raw material in stock	:	on average one month
Work-in-progress	:	on average half a month
Finished goods in stock	:	on average one month
Credit allowed by suppliers	:	one month
Credit allowed to debtors	:	two months
Lag in payment of wages	:	one and a half weeks
Lag in payment of overhead expenses	:	one month

1/4th of the output is sold in cash. Cash in hand and at bank is expected to be Rs. 25,000.

You are required to prepare a statement showing working capital needed to finance a level of activity of 1,04,000 units of production. You may assume that production is carried out evenly throughout the year, wages and overheads accrue similarly and time period of 4 weeks is equivalent to one month.

7. xyz ltd. Is considering two projects, only one of which can be accepted. The data in respect of these two are given below :

	PV of Re. 1	**Project 1**	**Project II**
Cash outlay at t=0	**@10%**	**Rs.(10,000)**	**Rs.(50,000)**
Net cash inflows :			
t=1	.909	5,000	10,000
t=2	.826	5,000	15,000
t=3	.751	3,000	25,000
t=4	.683	2,000	25,000
t=5	.621	1,000	21,000

Calculate NPV at 10% discount factor. Suggest which project should be selected?