

**COPYRIGHT RESERVED BBA(III) — BUS/III/IX
XI/H**

2011

Time : 3 hours

Full Marks : 100

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

The figures in the margin indicate full marks.

Answer from both the Groups as directed.

Group – A

(Objective Type Questions)

Answer all questions.

1. Choose the correct answer of the following :

2×10 = 20

(a) Making Capital Management deals with :

(i) Long term

(ii) Short term

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(Turn over)

- (iii) Both (i) and (ii)
 - (iv) None of the above
- (b) Capital Budgeting deals with :
- (i) Long-term finance
 - (ii) Short-term finance
 - (iii) Both of these
 - (iv) None of these
- (c) In double entry book-keeping transactions :
- (i) Debit > Credit
 - (ii) Debit < Credit
 - (iii) Debit = Credit
 - (iv) None of these
- (d) Assets of a business equals to :
- (i) Liabilities + Capital
 - (ii) Liabilities – Capital
 - (iii) Capital – Liabilities
 - (iv) None of these
- (e) Capital A/c comes under :
- (i) Personal A/c

- (ii) Real A/c
 - (iii) Nominal A/c
 - (iv) All of the above
- (f) Financial statements are prepared at the end of :
- (i) Calendar year
 - (ii) Assessment year
 - (iii) Financial year
 - (iv) Accounting year
- (g) If stock is Rs. 10,000, debtors Rs. 25,000, prepaid expenses Rs. 2,000, outstanding expenses Rs. 7,000, Creditors Rs. 10,000, the amount of working capital will be :
- (i) Rs. 25,000
 - (ii) Rs. 20,000
 - (iii) Rs. 37,000
 - (iv) None of these
- (h) The term current assets does not include :
- (i) Debtors

- (ii) Stock
- (iii) Prepaid expenses
- (iv) Furniture
- (i) Depreciation of Fixed Assets is :
 - (i) Capital expenditure
 - (ii) Deferred expenditure
 - (iii) Revenue expenditure
 - (iv) None of these
- (j) Closing Stock is valued :
 - (i) Cost price
 - (ii) Market price
 - (iii) Cost or market whichever is lower
 - (iv) None of these

Group – B

(Long-answer Type Questions)

Answer any four of the following : $20 \times 4 = 80$

2. Discuss the objectives of Financial Management.
3. Discuss capital structure ? What are the major determinants of capital structure ?

4. The data relating to two companies are given below :

	Company 'A'	Company 'B'
Equity Capital	Rs. 5,00,000	Rs. 3,00,000
10% Debentures	Rs. 3,00,000	Rs. 3,00,000
Output (per annum)	50,000 units	20,000 Units
Selling price (P.U)	Rs. 30	Rs. 100
Variable Cost (P. U)	Rs. 20	Rs. 75
Fixed cost (Per annum)	Rs. 4,00,000	Rs. 4,20,000

You are required to calculate the :

- (i) OL
 - (ii) FL
 - (iii) CL
- of two companies
5. Discuss the functions of Chief Financial Officer.
 6. Discuss the relation between debt financing and financial leverage.
 7. What is risk ? *How can risk of an asset be calculated ? Explain.

8. Calculate (i) pay back period and (ii) ARR from the following data :

Cost of a plant	Rs. 1,00,000
Life of the plant	5 years
Tax Rate	40%
Depreciation charged	Straight line method
Cash flows before depreciation and tax :	

Year	CFBDT Rs.
1	30,000
2	40,000
3	20,000
4	40,000
5	30,000

9. Write short notes on any **four** of the following :
- (i) Bridge Finance
 - (ii) Zero Coupon Bond
 - (iii) ADR
 - (iv) CAPM (Capital Assets Pricing Model)
 - (v) IRR
 - (vi) Optimum Capital Structure

