



JK Lakshmipat University, Jaipur

Institute of Management



END TERM EXAMINATION 2015

BBA Semester V

MM: 50 Marks

Course Code: BBA 052

Course: Business Finance

Time: 3 Hours

Attempt any three questions from Section A which carries 30 marks. Section B is compulsory and carries 20 marks. All parts carry equal marks. Financial Tables would be provided on demand.

Section A

- Q1. Discuss the relationship of financial management to economics and accounting. Elaborate on the goal of financial management.
- Q2. Attempt **any two** of the following:
- (i) What are the different methods in Capital Budgeting? Discuss any four of them.
 - (ii) Why do we need Working Capital? Discuss GWC, NWC, operating cycle and sources of finance.
 - (iii) What is Leverage? Discuss the types of leverage with examples.
 - (iv) How is the Cost of equity capital calculated?
- Q3. (i) What is the YTM of a 10%, 5 Years to maturity, Rs.1,000 face value Bond which is redeemed at a premium of 5% and is trading in the market at Rs.950.
- (ii) Write in brief on (a) Inventory Management, and (b) Receivables Management.
- Q4. (i) You can save Rs.3000 a year for 6 years and Rs.7000 a year for 8 years thereafter. What will these savings cumulate to at the end of 14 years, if the rate of interest is 9 per cent?
- (ii) A Stock delivers 12%, 20%, -15% and 8% in various business scenarios which are equally probable. Compute its risk and return.
- Q5. For the following set of data on prices Technopack Ltd. and NSE Nifty, compute the Beta of Returns of Technopack Ltd.

Day	1	2	3	4	5	6	7	8	9	10	11
Price of Technopack Ltd.	100	110	105	90	85	95	100	105	95	100	100
Price of NSE Nifty	6000	6150	5850	5900	5950	6100	6200	6300	6250	6150	6000

OR

- Q5. Write short notes on **any two** of the following:

- (a) Valuation of Shares
- (b) Capital Structure theories – MM Hypothesis
- (c) Risk and Return
- (d) Bond Terms – FV, MV, RV, YTM, YTC
- (e) Dividend Strategy

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Section B

Q6. The expected cash flow of a project are as follows:

Year	0	1	2	3	4	5
Cash Flow	(1,50,000)	30,000	45,000	60,000	75,000	45,000

The cost of capital is 14 per cent. Calculate the following:

- (a) Net Present Value,
- (b) Internal Rate of Return,
- (c) Benefit Cost Ratio and Profitability Index,
- (d) Payback Period and Discounted Payback Period @ 14 per cent. **Interpret your results.**

It is the supreme art of the teacher to awaken joy in creative expression and knowledge – Einstein

BEST OF LUCK