

Bachelor of Commerce (B.Com.) Semester–V Examination

BUSINESS FINANCE

Paper–6–1

(Elective Group–I)

Time : 3 Hours]

[Maximum Marks : 80

N.B. :— (1) All questions are compulsory.

(2) All questions carry equal marks.

1. (a) What is Business Finance ? Write the scope and objectives of Business Finance. 8
- (b) What are the functions of Financial Executive in an Organisation ? 8

OR

- (c) Explain the term debentures. What are the various types of Debentures ? 8
- (d) What are the different types of sources of finance ? Explain the medium term sources of finance. 8
2. (a) What are the various stages of Project Financing ? 8
- (b) What is Project Appraisal ? Explain the aspects of Project Appraisal. 8

OR

(c) Max Enterprises require 1,00,000 units per annum. They pay Rs. 5 as cost per Unit, Rs. 500 as cost per purchase order, Rs. 10 per unit per year for inventory carrying cost. Determine the following with the help of given information :

(i) Economic Order Quantity

(ii) E.O.Q. if creditor of Max Enterprises allows discount for orders quantity as follows :

Order Quantity	% of discount
Less than 4,500	No discount
4,500-5,999	2%
6,000 and above	3%

8

(d) A company provides you the result that its sales are Rs. 10,00,000, variable cost 60%, fixed cost Rs. 1,00,000 and interest Rs. 1,00,000 :

(i) Calculate its leverages

(ii) What will be the change in PBIT and PBT, if Sales increases by 15 %. Cross check the result by actual calculation. 8

3. (a) What are the determinants of working capital requirements ? 8
- (b) What do you mean by working capital ? What are the various types of working capital ? 8

OR

- (c) Prepare an estimate of working capital requirement from the following information of a trading concern :
- (i) Project annual sales 1,50,000 units
- (ii) Selling Price Rs. 8 per unit
- (iii) % of net profit on Sales 25%
- (iv) Average credit period allowed to customers 8 weeks
- (v) Av. Credit period allowed by supplier 4 weeks
- (vi) Av. Stock holding in terms of Sales requirements 12 weeks
- (vii) Allow 10% for contingencies. 8
- (d) Following is the Balance Sheet of XYZ Ltd. Calculate the amount of working capital :

Balance Sheet XYZ Ltd.

As on 31st March 2018

Liabilities	Rs.	Assets		Rs.
Equity Sh. Capital	2,00,000	Fixed Assets		5,00,000
Retained earnings	2,00,000	Current Assets		
11% Debentures	3,00,000	Inventory :		
Public Deposits	1,00,000	Raw Material	1,00,000	
Trade Creditors	80,000	W. in Progress	1,50,000	
Bills Payable	1,00,000	Finished Goods	<u>75,000</u>	3,25,000
		Debtors		1,00,000
		Cash/Bank		55,000
Total	9,80,000	Total		9,80,000

- (i) Sales for the year 2017-18 were Rs. 15,00,000. Suppose projected sales for 2018-19 is Rs. 17,50,000 then calculate the working capital required.
- (ii) Suppose at the beginning of next year Rs. 1,00,000 worth fixed assets are going to be added, calculate the working capital required in next year. 8
4. (a) What do you mean by venture capital ? Explain the methods of venture capital financing. 8
- (b) Receivables Rs. 5,00,000 for 45 days Bank will finance 70% with processing fees 1 % and interest @ 15%. Calculate effective cost. 8

OR

- (c) ABC and Company gives the following details and seeks your help in selecting appropriate credit policy. Cost of fund is 15% p.a.

Credit Period	1 month	2 months	3 months
Sales	18,00,000	21,00,000	25,00,000
Cost of sales	14,40,000	16,10,000	18,90,000
Stock	3,60,000	4,20,000	5,00,000
Creditors	1,00,000	1,40,000	2,00,000
Bad debts as % to sales	2%	4%	6%
Credit administration expenses as % to sales	1%	2%	3%

- (d) PQR Ltd. has annual Sales turnover of Rs. 40,00,000 of the selling price p.u. is Rs. 20, with a variable cost of Rs. 12 p.u. and fixed cost of Rs. 5,00,000.

The company presently allows a credit of 1 month and proposed to extent it either by 2 months or 3 months. Following are the details :

Particulars	1 month	2 months	3 months
Increase in sales by	—	10%	30%
Bad debts %	1%	2%	5%

The fixed cost will increase by Rs. 75,000 when sales will increase by 30%. The company plans on a pre-tax return of 20% on investment in receivables. Evaluate the most optimal credit policy on the basis of profitability.

5. (a) Explain the term sweat equity shares. 4
- (b) X. Ltd. is committed to supply 2,000 bearings per month to Y Ltd. on a steady basis. It is estimated that it cost 10 paise as inventory holding cost per bearing per month and that set up cost per run of bearing manufacture is Rs. 324. Calculate Economic Order Quantity. 4
- (c) Find out the working capital from the following Balance Sheet :

Balance Sheet

As on 31/03/2018

Liabilities	Amt.	Assets	Amt.
Share Capital	7,00,000	Fixed Assets	5,50,000
Reserves and Surplus	1,20,000	Stock	1,50,000
Bank overdraft	30,000	Debtors	80,000
Creditors	1,50,000	Cash	2,20,000
Total	10,00,000	Total	10,00,000

- (d) A supplier offer credit term 3/10 net 60 : calculate the effective discount rate and suggest whether we should take discount or enjoy the credit if the funds can be alternatively raised at 18% interest per annum. 4

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(मराठी माध्यम)

1. (अ) व्यावसायिक वित्त काय आहे ? व्यावसायिक विलायी व्याप्ती व उद्देश लिहा. 8
 (ब) संगठनात वित्तीय कार्यकारी यांचे कार्य कोणते आहेत ? 8
- किंवा
- (क) 'कर्जरोखे' ही संकल्पना स्पष्ट करा. कर्जरोख्यांचे विभिन्न प्रकार कोणते ? 8
 (ड) वित्ताचे विभिन्न स्रोत कोणते आहेत ? मध्य-कालीन वित्ताचे स्रोत विशद करा. 8
2. (अ) प्रकल्प वित्ताच्या विविध अवस्था कोणत्या आहेत. 8
 (ब) प्रकल्प मुल्यांकन काय आहे ? प्रकल्प मुल्यांकनाच्या विविध पैलु स्पष्ट करा. 8
- किंवा
- (क) इंग्रजी माध्यमानुसार 8
 (ड) इंग्रजी माध्यमानुसार 8
3. (अ) कार्यशील भांडवलाच्या आवश्यकतेचे काहे चे निर्धारक घटक स्पष्ट करा. 8
 (ब) कार्यशील भांडवला यापासुण आपणांस काय अर्थबोध होतो। कार्यशील भांडवलाचे विभिन्न प्रकार कोणते ? 8
- किंवा
- (क) इंग्रजी माध्यमानुसार 8
 (ड) इंग्रजी माध्यमानुसार 8
4. (अ) उपक्रम भांडवल यापासुन आपणांस काय अर्थबोध होतो ? त्याच्या वित्ताच्या विभिन्न पद्धती स्पष्ट करा. 8
 (ब) इंग्रजी माध्यमानुसार 8
- किंवा
- (क) इंग्रजी माध्यमानुसार 8
 (ड) इंग्रजी माध्यमानुसार 8
5. (अ) प्रस्वेद समता भाग (Sweat Equity Share) ही संकल्पना स्पष्ट करा. 4
 (ब) इंग्रजी माध्यमानुसार 4
 (क) इंग्रजी माध्यमानुसार 4
 (ड) इंग्रजी माध्यमानुसार 4

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(हिन्दी माध्यम)

1. (अ) व्यवसाय वित्त क्या हैं ? व्यवसाय वित्त का क्षेत्र एवं उद्देश्य लिखिए। 8
 (ब) संगठन में वित्तीय कार्यकारी के कार्य कौन से हैं ? 8
- अथवा
- (क) “ऋण पत्र” यह संकल्पना स्पष्ट कीजिए। ऋण पत्र के विभिन्न प्रकार कौन से हैं ? 8
 (ड) वित्त के विभिन्न स्रोत कौन से हैं ? वित्त के मध्यकालीन स्रोत स्पष्ट कीजिए। 8
2. (अ) प्रकल्प वित्त की विविध अवस्थाएँ कौन सी हैं ? 8
 (ब) प्रकल्प मूल्यांकन क्या है ? प्रकल्प मूल्यांकन के विविध पहलू स्पष्ट कीजिए। 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार 8
 (ड) अंग्रेजी माध्यम के अनुसार 8
3. (अ) कार्यशील पूँजी की आवश्यकता के निर्धारित तत्व कौन से हैं ? 8
 (ब) कार्यशील पूँजी से आप क्या समझते हैं ? कार्यशील पूँजी के विविध प्रकार कौन से हैं ? 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार 8
 (ड) अंग्रेजी माध्यम के अनुसार 8
4. (अ) उपक्रम पूँजी से आपका क्या आशय है ? उपक्रम पूँजी वित्त की पद्धतियाँ स्पष्ट कीजिए। 8
 (ब) अंग्रेजी माध्यम के अनुसार 8
- अथवा
- (क) अंग्रेजी माध्यम के अनुसार 8
 (ड) अंग्रेजी माध्यम के अनुसार 8
5. (अ) प्रस्वेद समता अंश की संकल्पना स्पष्ट करें। 4
 (ब) अंग्रेजी माध्यम के अनुसार 4
 (क) अंग्रेजी माध्यम के अनुसार 4
 (ड) अंग्रेजी माध्यम के अनुसार 4