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COER University END SEMESTER EXAMINATION, EVEN SEM 2022-23

Time : 3 hours Program Name : BBA Course Name : Business Finance

Total Marks : 100 Semester : II Course Code : BBA202/SOB166

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Note: All questions are compulsory. No student is allowed to leave the examination hall before the completion of the time. time.

0 1 4		CO	BL
Q. NO 1	Attempt Any Four Parts, Each Question Carries 5 Marks.	CO 1	1
(a)	Distinguish between systematic and unsystematic risk	01	10
(b)	Discuss the different types of investment risk, and how can they be mitigated or	CO 1	1,2
(c)	Calculate the expected rate of return for securities from the following information. I_{RF}	CO 1	1
(d)	A 16% bond with face value of Rs 250 is available for Rs 200 in the market. Find out	CO 1	3
(e)	the yield of the bond What are the different methods of valuation of Assets? Explain in detail the economic value concept?	CO 1	2
1			

0. No 2	Attemn	t Any I	Four P	arts F	ach Ou	estion	Carrie	s 5 Marl	KS.	1		CO	BL
(a)	Explain	the role	ofrisk	in inve	stment	decisio	n	V.C.				CO 1	1,2
(b)	Explain budgetin	How do	o you d ions?	etermin	e the co	ost of ca	apital, a	nd how is	s this use	d in capi	tal	CO 2	2,3
(c)	A company require an initial investment of Rs 40,000. The estimated net cash flows are as follows. (Figure in Rs).								CO 2				
	Year	1	2	3	4	5	6	- and many	8	9=	10		
	Net cash flows	7000	7000	7000	7000	7000	8000	10,000	15000	10,000	4000		
	Using 10 Present v)% as th value fa	ne cost ctor at	of capit 10% a	al deter e as fo	mine N llows.	let Pres	ent Value		/ .			
	1	2	3	4	5	Section of the sectio	6	7	8	9	10		
	.909	.826	.751	.68	3 .6	21	.564	.513	.467	.424	.386		
(d)	"The pay	back p	eriod is	more	metho	d of liq	uidity r	ather that	n profital	oility" ex	amine	CO 2	3
(0)	this statement.						CO 2	3					
(e)	Enumera	tte the i	mporta	nt-stops	T	P C			10				
			1000	1.6		No.	1 1	5	and the second s				-

O No 3	2 Attempt Any Four Parts, Each Question Carries 5 Marks.		
(a)	A company's stock is currently trading at RS 50 per share, and the company pays an annual dividend of RS 2 per share. The company's expected growth rate is 5%. Calculate cost of capital.	CO 3	2,3
(b)	What are the advantages and disadvantages of debenture as an instrument of financing from the point of view of the company as well as the investors?	CO 3	2
(c)	A company issues a debenture with a face value of RS1,000 and a coupon rate of 6%. The debenture has a maturity of 10 years, and the company is in the 30% tax bracket. The market price of the debenture is RS950. Calculate the after-tax cost of debt.	CO 3	2,3
(4)	Examine the advantage and disadvantage of equity financing.	CO 3	3
(e)	Differentiate between debt and equity financing, and explain how do they impact a company's cost of capital?	CO 3	2,3

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Q. No 4	Attempt Any Two Parts, Each Question Carries 10 Marks,	CO	BL
(a)	Explain the concept of capital structure, and discuss how is it different from financing decisions?	CO 4	3,5
(b)	Discuss the different theories of capital structure, and explain its importance?	CO 4	3,5
(c)	What are the assumption and implication of NI approach? Is there an optimal capital structure as per NI approach.	CO 4	4

Q. No 5	Attempt Any Two Parts. Each Question Carries 10 Marks.	CO	BL		
(a)	(a) Explain the meaning of working capital, and discuss its important for a company to manage its working capital effectively?				
(b)	Discover the advantages and disadvantages of paying dividends, and discuss how can a company balance its desire to pay dividends with other financial objectives?	CO 5	2,4		
(c)	Discuss the estimation of working capital need based on operating cycle process.	CO 5	5		

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