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B.B.A. (Part - III) (Semester - VI) Examination, April - 2018**FINANCIAL MANAGEMENT (Paper - II)****Sub. Code : 43965****Day and Date : Friday, 20 - 04 - 2018****Total Marks : 40****Time : 12.00 noon to 02.00 p.m.**

- Instructions :**
- 1) All questions are compulsory.
 - 2) Figures to the right indicate full marks.

Q1) Reliance co, issues 10% debentures of Rs. 10,000 to be redeemed after 10 years. The company is in the 35% tax bracket. Compute the cost of debentures in the following cases. **[14]**

- i) Issued at par and redeemed at par.
 - ii) Issued at discount of 10% and redeemed at premium of 10%.
 - iii) Issued at premium at 10% and redeemed at par.
- Floataion cost is 2% on issue price.

OR

The Cloudy Ltd. Desires to invest in a project which requires an initial investment of Rs. 50,00,000. The life of the project is 10 years with a scrap value of Rs. 5,00,000 and will be depreciated on SLM. The profit before depreciation is Rs. 10,00,000 p.a. the income tax rate is 35%.

- Compute -
- i) Pay back period
 - ii) ARR
 - iii) NPV @ 10%
 - iv) PI @ 10%

Q2) Write short answers (any two)

[16]

- a) Common Size Statement - Meaning and Importance.
- b) Weighted averages, cost of capital
- c) Capital Structure
- d) Activity Ratios.

Q3) Write short notes (any two)

[10]

- a) Tools of Financial Statement.
- b) Trend analysis.
- c) Net income approach.
- d) Internal rate of Return.

