

R-23/2051

5918/MJ

**Time Allowed: 3 Hours**

**Maximum Marks: 70**

**Note: The Candidates are required to attempt two questions each from Sections A and B carrying 10 marks each and ten questions from Section C carrying 3 marks each.**

**Section-A**

1. Discuss in detail meaning, functions and scope of business finance.
2. What do you mean by capital structure? Discuss in detail theories of capital structure.
3. The balance sheet of Well Established Company is as follows:

| Liabilities          | Amount   | Assets         | Amount   |
|----------------------|----------|----------------|----------|
| Equity share capital | 60,000   | Fixed Assets   | 1,50,000 |
| Retained Earnings    | 20,000   | Current Assets | 50,000   |
| 10% long term debt   | 80,000   |                |          |
| Current Liabilities  | 40,000   |                |          |
|                      | 2,00,000 |                | 2,00,000 |

The company's total assets turnover ratio is 3, its fixed operating costs are Rs.1,00,000 and its variable operating cost ratio is 40%. The income tax rate is 50%. Calculate the different types of leverages given that the face value of share is Rs.10.

4. From the following capital structure of a company calculate the overall cost of capital using a). Book value weights and b). Market value weights

| Source                                 | Book value(Rs.) | Market values(Rs.) |
|--|-----------------|--------------------|
| Equity share Capital<br>(Rs.10 shares) | 45,000          | 90,000             |
| Retained earnings                      | 15,000          | --                 |
| Preference share Capital               | 10,000          | 10,000             |
| Debentures                             | 30,000          | 30,000             |

After tax cost of different sources of finance is a follows:

Equity share capital: 14%

Retained earnings: 13%

Preference share Capital: 10%

Debentures: 5%

**Section-B**

5. List and explain the determinants of working capital.
6. Explain the various factors that influence the dividend policy. Also explain the advantages of stable dividend policy.
7. A perform cost sheet of a company provides the following particulars

| Elements of Cost | Amount per unit |
|------------------|-----------------|
| Raw Material     | 80              |
| Direct Labour    | 30              |
| Overheads        | 60              |
| Total Cost       | 170             |
| Profit           | 30              |
| Selling Price    | 200             |

Contol -2

The following further particulars are available:

Raw materials are in stock on an average for one month. Materials are in process on an average for half a month. Finished goods are in stock on an average for one month. Credit allowed by suppliers is one month. Credit allowed to customers is two months. Lag in payment of wages is 1½ weeks. Lag in payment of overhead expenses is one month. One-fourth of the output is sold against cash. Cash in hand and at bank is expected to be Rs.25,000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of production. You may assume that production is carried on evenly throughout the year, wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month.

8. From the following data, compute the duration of operating cycle for each of the two years and comment on the increase/decrease:

| Stock:             | Year-I   | Year -II |
|--------------------|----------|----------|
| Raw materials      | 20,000   | 27,000   |
| Work-in-progress   | 14,000   | 18,000   |
| Finished goods     | 21,000   | 24,000   |
| Purchases          | 96,000   | 1,35,000 |
| Cost of goods sold | 1,40,000 | 1,80,000 |
| Sales              | 1,60,000 | 2,00,000 |
| Debtors            | 32,000   | 50,000   |
| Creditors          | 16,000   | 18,000   |

Assume 350 Days per year for computational purposes

#### Section-C

9. Write short note on the following

- i. Profit maximization Vs. Wealth maximization.
- ii. How capital structure is different from financial capital.
- iii. Significance of leverage.
- iv. Capital Gearing.
- v. Factoring
- vi. Importance of time value of money.
- vii. Inventory turnover ratio
- viii. Baumol model of optimum cash balance.
- ix. Various factors influencing working capital
- x. Pay Back period method
- xi. Capital budgeting process
- xii. Cost of preference capital is generally lower than cost of equity? State the reason.

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## ਪੰਜਾਬੀ ਅਨੁਵਾਦ

### ਭਾਗ-A

- 1) ਵਪਾਰਕ ਵਿੱਤ ਦੇ ਅਰਥਾਂ, ਇਸ ਦੇ ਕਾਰਜਾਂ ਅਤੇ ਇਸ ਦੇ ਕਾਰਜ-ਖੇਤਰ ਦੀ ਚਰਚਾ ਕਰੋ।
- 2) ਪੂੰਜੀ ਸੰਰਚਨਾ ਤੋਂ ਕੀ ਭਾਵ ਹੈ? ਪੂੰਜੀ ਸੰਰਚਨਾ ਦੇ ਸਿੱਧਾਂਤਾਂ ਦੀ ਚਰਚਾ ਕਰੋ।
- 3) ਵੈੱਲ ਏਸਟੇਬਲਿਸ਼ਡ ਕੰਪਨੀ ਦਾ ਤੁਲਨ-ਪੱਤਰ ਨਿਮਨ-ਦਰਜ ਅਨੁਸਾਰ ਹੈ। ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :

| Liabilities          | Amount   | Assets         | Amount   |
|----------------------|----------|----------------|----------|
| Equity share capital | 60,000   | Fixed Assets   | 1,50,000 |
| Retained Earnings    | 20,000   | Current Assets | 50,000   |
| 10% long term debt   | 80,000   |                |          |
| Current Liabilities  | 40,000   |                |          |
|                      | 2,00,000 |                | 2,00,000 |

The company's total assets turnover ratio is 3, its fixed operating costs are Rs.1,00,000 and its variable operating cost ratio is 40%. The income tax rate is 50%. Calculate the different types of leverages given that the face value of share is Rs.10.

- 4) ਨਿਮਨ-ਦਰਜ ਵੇਰਵਿਆਂ ਦਾ ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :

From the following capital structure of a company calculate the overall cost of capital using a). Book value weights and b). Market value weights

| Source                                 | Book value(Rs.) | Market values(Rs.) |
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ਭਾਗ-B

- 5) ਕਾਰਜੀ ਪੂੰਜੀ ਦੇ ਨਿਰਧਾਰਕਾਂ ਦੀ ਸੂਚੀ ਦਰਜ ਕਰਕੇ ਚਰਚਾ ਕਰੋ।
- 6) ਲਾਭੰਸ ਨੀਤੀ ਨੂੰ ਪ੍ਰਭਾਵਿਤ ਕਰਨ ਵਾਲੇ ਵਿਭਿੰਨ ਪੱਖ ਵਿਚਾਰੋ ਅਤੇ ਸਥਾਈ ਲਾਭੰਸ ਨੀਤੀ ਦੇ ਲਾਭ ਦਰਜ ਕਰੋ।
- 7) ਨਿਮਨ-ਦਰਜ ਵੇਰਵਿਆਂ ਦਾ ਅਧਿਐਨ ਕਰਕੇ ਲੋੜੀਂਦੀ ਕਾਰਵਾਈ ਕਰੋ :

A perform cost sheet of a company provides the following particulars

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You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of production. You may assume that production is carried on evenly throughout the year, wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month.

8) ਨਿਮਨ-ਦਰਜ ਵੇਰਵੇ ਵਿਚਾਰ ਕੇ ਪੁੱਛੇ ਗਏ ਪ੍ਰਸ਼ਨ ਦਾ ਉੱਤਰ ਲਿਖੋ :

From the following data, compute the duration of operating cycle for each of the two years and comment on the increase/decrease:

| Stock:             | Year-I   | Year -II |
|--------------------|----------|----------|
| Raw materials      | 20,000   | 27,000   |
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| Debtors            | 32,000   | 50,000   |
| Creditors          | 16,000   | 18,000   |

Assume 350 Days per year for computational purposes

ਭਾਗ-C

9) ਕਿਸੇ 10 ਤੇ ਸੰਖੇਪ ਨੋਟ ਲਿਖੋ :

- 1) ਲਾਭ ਅਧਿਕਤੀਕਰਣ ਬਨਾਮ ਦੌਲਤ ਅਧਿਕਤੀਕਰਣ ਦੀ ਚਰਚਾ ਕਰੋ।
- 2) ਪੂੰਜੀ ਸੰਰਚਨਾ, ਵਿੱਤੀ ਪੂੰਜੀ ਨਾਲੋਂ ਕਿਵੇਂ ਭਿੰਨ ਹੁੰਦੀ ਹੈ?
- 3) ਲੀਵਰੇਜ ਦਾ ਮਹੱਤਵ ਸਪਸ਼ਟ ਕਰੋ।
- 4) ਪੂੰਜੀ ਗੀਅਰਿੰਗ ਤੋਂ ਕੀ ਭਾਵ ਹੈ?
- 5) ਫ੍ਰੈਕਟਰਿੰਗ ਦੇ ਅਰਥ ਲਿਖੋ।
- 6) ਮੁੱਦਰਾ ਦੀ ਸਮਾਂ-ਕੀਮਤ ਕੀ ਹੁੰਦੀ ਹੈ।
- 7) ਇੰਨਵੈਂਟਰੀ ਟਰਨਓਵਰ ਅਨੁਪਾਤ ਕੀ ਹੁੰਦਾ ਹੈ?
- 8) ਅਨੁਕੂਲਿਤ ਨਕਦ ਸੰਤੁਲਨ ਸਬੰਧੀ ਬਾਓਮੋਲ ਮਾਡਲ ਵਿਚਾਰੋ।
- 9) ਕਾਰਜੀ ਪੂੰਜੀ ਨੂੰ ਪ੍ਰਭਾਵਿਤ ਕਰਨ ਵਾਲੇ ਵਿਭਿੰਨ ਪੱਖ ਦਰਜ ਕਰੋ।
- 10) ਪੇ-ਬੈਕ ਅਵਧੀ ਵਿਧੀ ਕੀ ਹੁੰਦੀ ਹੈ।
- 11) ਪੂੰਜੀ ਦੀ ਬੱਜਟਿੰਗ ਪ੍ਰਕਿਰਿਆ ਵਿਚਾਰੋ।
- 12) ਤਰਜੀਹੀ ਪੂੰਜੀ ਦੀ ਲਾਗਤ ਅਕਸਰ ਈਕੁਇਟੀ ਦੀ ਲਾਗਤ ਨਾਲੋਂ ਘੱਟ ਹੁੰਦੀ ਹੈ। ਕਾਰਨ ਦਰਜ ਕਰੋ।