

[2Hrs 30Mins]

Total Marks: 75

Instructions:

1. All questions are compulsory subject to internal choice.
2. Working notes form part of your answer.
3. Use of simple calculator is permitted.

Q1A. Fill in the blanks (any 8)

(08)

1. The returns are always paid on the ----- of the securities.
2. European Depository Receipts are issued and tradable only in Europe.
3. ----- means legal mortgage of specific assets.
4. Debenture holders are ----- of the company.
5. ----- leverage indicates the effect on the earnings due to rise of fixed cost funds.
6. ----- method of valuation is not applicable in case of going concern which is not nearing liquidation.
7. ----- risk is the possibility that increase in the cost of living will reduce or eliminate the returns generated.
8. Trading on equity is possible by raising ----- in case of profitable companies.
9. ----- source of finance does not bring in the cash but conserves the cash outflow within the business firm.
10. ----- risk is also referred to as diversified risk.

Q1B. Match the column (any 7)

(07)

A	B
1. Maximising Social Wealth - 2	a. Market Value
2. Term Loan	b. Bird in hand - 1
3. Share Capital - 5	c. Internal Source of Finance
4. Yield Method	d. Retention 40%
5. Dividend Payout 40%	e. High cost of financing
6. Break Even Point	f. Retention 60%
7. Depreciation	g. Financial Management
8. Time Value of Money	h. Low cost of financing
9. Public Deposits	i. No profit no loss
10. Dividend Payout 60%	j. External Source of finance

Q2. . The Balance sheet for Suraj Ltd as on 31st March 2017 is provided calculate EPS and All three Leverages using following information (15)

Liabilities	Rs in Lakhs	Assets	Rs in Lakhs
Equity Share Capital (FV 10)	100	Fixed Assets	150
Retained Earnings	20	Current Assets	50
15% Debentures	60		
Creditors	20		
	200		200

Other details are as follows –

Fixed Costs (Excluding Interest) – Rs 40,00,000

Variable Operating Costs Ratio – 60%

Total Assets turnover Ratio (Sales/ Total assets) – 1.5 times and Income tax rate – 25%

OR

Q2. Compute all the leverages for following two companies with the help of information given below

(15)

Particulars	Varun Ltd	Siddarth Ltd
Selling price per unit	Rs 18	Rs 20
Contribution per unit	Rs 12	Rs 10
Fixed Costs per annum	Rs 25,000	Rs 30,000
Interest paid every quarter	Rs 6,000	Rs 8,000
Output Produced	15000 units	12500 units
Output Sold	10000 units	9000 units

Q3. Suraj Ltd has furnished you with the following details you are required to ascertain weighted average cost of capital under book value weights and market value weights

(15)

Type of Capital	Book Value	Market Value	Cost of Capital
Equity Share Capital	8,00,000	10,00,000	10%
Preference Share Capital	4,00,000	4,00,000	12%
Retained Earnings	1,00,000	-	10%
Debt Capital	7,00,000	6,80,000	8%
Total	20,00,000	20,80,000	

OR

Q3. Calculate WACC for LK Ltd with the help of information supplied below –

(15)

Source of Funds	Amount in Rs
13% Loan funds	26,00,000
Equity Share Capital (FV 10)	24,00,000
11% Preference Share Capital (FV100)	10,00,000
Total	60,00,000

1. Tax rate – 40%
2. Equity shares are traded in the market at Rs 35 and dividend paid this year is Rs 5, expected dividend is Rs 5.50 per share and expected growth rate is 10% p.a.

Q4A. Find the present value of net cash flow using discounting factor as 15% with the help of information given below - (10)

Year	Net Cash flows (in Rs)
1.	1,80,000
2.	1,70,000
3.	1,45,000
4.	1,24,000
5.	1,10,000
6.	1,02,000
7.	95,000
8.	92,000

Q4B. Charu invested Rs 2,40,000 at annual rate of interest of 10%. What is the amount after 3 years if compounding is done annually? (05)

OR

Q4A. Fill in the missing values (08)

Sr. no	Net Cash Inflow(Rs)	PV Factor	Present Value of Cash Inflow(Rs)
1.	?? 200000	0.909	1,81,800
2.	6,50,000	0.826	?? 536400
3.	??	0.885	2,21,250
4.	1,75,000	??	1,39,475

Q4B. Calculate the amount if Rs 10,00,000 is invested for 1 year at 6% compounding to be done (07)

- Annually
- Semi annually
- Quarterly.

Q5A. Discuss the role and function of treasurer and controller in an organization. (08)

Q5B. Discuss the features of debentures as a source of finance to the company. (07)

OR

Q5. Write Short notes (any 3)

- Profit Maximisation
- Internal Funds as source of finance
- Combined Leverage
- Flotation Cost
- Break Even Point

1018000

(15)

0.17 x 180000

0.1768