15|3|24 ATKT

Seat Number:________________

Duration: 2:30 Hours SYBCBI- 431021123 - F.Mgt.(12D) **Marks:- 75**

Note:- 1) All questions are compulsory.

2) Figures to the right indicate maximum marks.

Q1A) Multiple Choice Questions (any 8) (Co1, Co2 (U) (8M)

1) Equity shareholders are ____________.
   a) Creditors b) Owners c) Managers d) Board of Directors
2) Financial Management is concerned with _______.
   a) Maximisation of production b) Maximisation of wealth
   b) Maximisation of welfare d) Maximisation of profit or loss
3) Financial goals are ____________.
   a) Quantitative b) Qualitative C) Subjective D) Objective
4) Capital budgeting decision involve huge amount of risk due to _____ factor.
   a) Time b) Money C) Human D) Capital
5) NPV method is the most _______ method.
   a) Traditional b) Modern C) Complicated D) Simple
6) Financial decision are based on _________.
   a) Cost of capital b) Capital c) Fixed assets D) Quick Assets
7) Cost incurred for Financing the project is _______.
   a) Historical Cost b) Future Cost c) Specific Cost d) Composite Cost
8) The most common form of dividend payment is ___________.
   a) Stock Dividend b) Cash Dividend C) Stock Split D) Bonus Issue
9) The Relevance Theory of dividend was supported by ______
   a) Walter b) MM C) Gordon d) Walter & Gordon
10) ________ is part of income distributed to shareholders
   a) Profit b) Loss c) Dividend d) Retained Profit

Q1B) State Whether the following statements are true or False (any 7) (Co1, Co2 (U) (7 M)

1) Long term finance is required for modernisation.
2) Bonus share are issued to existing equity share holders.
3) Venture Capital financing beings with origination of ideas.
4) Financial Management is concerned with maximisation of wealth of the shareholder.
5) Capital budgeting is the function of finance.
6) Money has a time value.
7) Investors Prefer for present money.
8) Equal Installment are equal intervals will result in an annuity.
9) ROI is calculated on the basis of net operating profit.
10) Financial goals are qualitative in nature.

Q2A) Following are details of three companies are given below (Co1, AP) (15M)

A Ltd	B Ltd	C Ltd
R = 15%	R = 10%	R = 8%
Ke= 10%	Ke = 10%	Ke = 10%
E = ₹10	E = ₹10	E =₹10

By using Walter's model, you are required to calculate the value of an equity share of each of these companies when divided pay out ratio

a) 20% b) 50% c) 100%

OR

Q2B) The MNC Ltd available information is Ke = 15%, E = ₹30

r = (i) 14% ii) r = 15% iii) r =16% .

You are required to calculate market price of a share of the MNC Ltd as per Gordon Model if

i) b= 40% ii) b = 60% iii) b=80% (Co1 AP) (15M)

Cont.......

Q3A) A deposit of ₹ 10,000 is made to earn interest @12% p.a. . Find out the future value of this deposit in the compounding period is (Co1 AP)

a) Annually b) Half –Yearly c) Quarterly

OR

Q3B) The cash flow streams for two alternative investment Tata and Bata are : (Co2 (AP) (15M)

Year	Tata ₹	Bata ₹
0	(2,00,000)	(2,10,000)
1	50,000	80,000
2	80,000	60,000
3	1,00,000	80,000
4	80,000	60,000
5	60,000	80,000

Calculated i) Pay back period ii) Net present value using 11% discount rate.
PVF @11% is given

Year	Pvf @11%
1	0.901
2	0.812
3	0.731
4	0.659
5	0.593

Q4A) Suraj Ltd has Equity share capital of ₹ 15,00,000 divided in to share of ₹ 100 each. It wishes to raise further ₹ 9,00,000 for expansion-cum-moderation scheme. The company plans following alternatives Co1 (AP) (15M)

1) By issuing equity shares only.
2) Rs 3,00,000 by issuing equity shares and ₹ 6,00,000 though Term Loan @10% per annum.
3) By raising term load only at 10 % per annum
4) ₹ 3,00,000 by issuing equity share and ₹ 6,00,000 by issuing 8% preference shares

You are required to suggest the best alterative giving your comments assuming that the estimated operating profit after expansion is ₹4,50,000 and corporate tax is 25%

OR

Q4B) From the following capital structure of prefect ltd. Calculate overall cost of capital using

a) Book value weights b) Market value ,weights Co1 (AP) (15M)

Source	Book Value	Market Value
Equity of ₹ 10 each	4,50,000	9,00,000
Retained Earnings	1,50,000	---
Preference share capital	1,00,000	1,00,000
Debentures	3,00,000	3,00,000

The after tax cost of different sources of fiancé are equity share capital 14% Retained Earnings 13% Preference share 10% Debentures 5 %

Q5 A) Define Cost of Capital. Explain classification of cost of capital (Co1 (U) (8M)

B) Define Capital Budgeting. Explain the principle of Capital Budgeting (CO2 (U) (7M)

OR

Q5C) Short Notes (Any 3) (Co1, Co2 (U) (15M)

1) Importance of cost of capital 2) Advantages of capital rationing
2) Merits of economic value added 4) Types of Debentures
5) Importance of financial management.

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