

(2½ Hours)

(Total Marks : 75)

Please check whether you have got the right question paper.

- N.B. :**
1. All questions are compulsory
 2. Use of simple calculator is allowed

Q1. A. True or False (any eight)

(08)

1. Planning is thinking before the action takes place
2. Managements most important mission is to maximize shareholders wealth
3. Merger is not a strategy
4. Equity shares are risky
5. Dividend on equity capital is always fixed
6. Capital structure combines debt and equity
7. PPP generates revenue by selling assets and collection of tax
8. P/E ratio refers to price eligibility ratio
9. Goodwill is an intangible asset
10. Intrinsic value is known as net asset value

Q1. B. Match the following (any seven)

(07)

Column A	Column B
1. Strategies	a) External analysis
2. Master game plan	b) Modern method of costing
3. Competitors Analysis	c) Last claimant
4. Target Costing	d) Strategy
5. Equity Shareholders	e) Dynamic
6. Interest on debentures	f) David Durant
7. Preference shareholders	g) Future maintained profit
8. NI Approach	h) Worth Loss
9. FMP	i) No voting right
10. Credit War	j) Tax benefit

Q2. A. Distinguish between strategy and planning.

(08)

Q2 B. Discuss the difference between traditional costing and strategic costing

(07)

OR

Q2. C. Explain

(15)

1. Zero based budgeting
2. Cost reduction technique

Q3. A. Discuss various factors of cost of capital

(08)

Q3. B. Determine weighted average cost of capital using a. Book value

b. Market value

(07)

Sources	Book Value	Market Value	Cost
Debt	5, 00,000	4, 00, 000	8%
Preference Shares	2, 80, 000	3, 50, 000	10%
Equity Share	7, 50, 000	12, 00, 000	12%

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Q3. A. Write a note on Infrastructure bonds

(08)

Q3. B. From the following capital structure of a firm

(07)

Sources	Amount (rs.)	After tax cost
Equity	4, 50, 000	12%
Retained Earnings	3, 80, 000	10%
Preference	5, 00, 000	8%
Debt	6, 00, 000	5%

Calculate WACC of firm

Q4. A. Write a note on Management Buy In

(08)

Q4. B. Calculate value of business from the following information

(07)

Share Capital (RS. 100)	50, 00, 000
MPS	150
Cash at Bank	10 00, 000
Debtors	3, 00, 000
Stock	4, 00, 000
Creditors	2, 50, 000
Bills Payables	2, 00, 000
Bank Overdraft	1, 50, 000

OR

Q4. A. Write a note on Management Buy out and its needs

(08)

Q4. B. From the following information calculate EPS for both the companies

(07)

Sources	PQR Ltd.	XYZ Ltd.
Equity share capital (RS. 10 each)	5, 00, 000	8, 00, 000
10% Preference share capital	4, 00, 000	4, 50, 000
8% Debentures	2, 00, 000	3, 00, 000
EBIT	3, 50, 000	4, 00, 000

Tax 50 %

Q5 A. Explain various techniques to manage default risk and business risk

(15)

OR

Q5. Write short note on (any three)

(15)

1. Target costing
2. PPP
3. Value addition
4. Dividend policy
5. Unexpected Loss