Duration: $2\frac{1}{2}$ Hours **Marks: 75**

N.B 1) All questions are compulsory, subject to internal choice.
2) Each question carries 15 marks.

Q1 a State whether true or False (any 8) (8 Marks)

1. Equity shareholders are first claimants.
2. EPS is calculated on the basis of Net profit before taxes.
3. Issuing Bonds are external source of investment funding.
4. In compound interest, interest for each year in same.
5. A budget is not a forecasts and plans expressed in financial terms
6. In present value tables, all values are more than 1.
7. Financial statements are an important source of information to shareholders and stakeholders.
8. Money has no time value because you don't forgo something certain today for something uncertain tomorrow.
9. Dividend is compulsorily payable to preference shareholders.
10. Risk and return always goes hand in hand.

Q1 B Match the column (any 7) (7 Marks)

Column B	Column A
1. Preference Share capital	a) EPS
2. P/E ratio	b) Capital Budgeting
3. Earning per share	c) Paying dividend at fixed rate of percentage.
4. Assets	d) Price Earning ratio
5. Turnover	e) Value maximization
6. With acquisition of fund	f) Liabilities + Equity
7. Primary objective	g) Sales
8. Treasurer	h) Leverage Ratio
9. Finance Controller	i) Controlling of Expenditure
10. Debt Equity Ratio	j) Raising of Fund

Q2.A Explain in detail " Function of Controller and Treasurer". (08 Marks)

Q2 B) A firm whose cost of capital is 8% is considering two mutually exclusive projects A and B, the details of which are as follows. Compute the Present Value at 8% upto 4 deicimals (07 Marks)

Particulars	Years	Project A
Cash inflows	1	100,000
	2	220,000
	3	233,000
	4	240000
	5	57300
	6	12300

OR

Q2 What are various short term and long term finances and explain with the help of examples. (15 Marks)

Q3 Find the Net present Value, payback period and profitability Index of the following cash flow and also state whether which investment is worthwhile of the amount of cash outflow presently is Rs. 2,20,000

Year	Cash Flow (Rs.) A	Cash Flow (Rs.) X	Discount Factor
1	50000	30,000	0.9091
2	100000	75,000	0.8264
3	50000	85,000	0.7513
4	50000	30,000	0.6830
5	50000	80,000	0.6209

(15 marks)

OR

Q3. Krishna and Company is considering to invest new machinery. Form the following data calculate Payback period, Payback Reciprocal, Payback profitability and Average Rate of Return. (15 marks)

Cost of Machinery	Rs. 84,00,000
Life expectancy	7 years

Depreciation on SLM. Assume tax rate 50% after depreciation. The estimated annual profit before depreciation and tax are expected to be Rs. 18,50,000.

Q4 A) Mr. Krishna Ltd. has the following capital structure.

Particulars	Amount	After tax cost
Equity Share Capital	50,00000	16%
Retained Earnings	20,00,000	15.5%
Preference Shares	20,00,000	12%
Debentures	10,00,000	8%

Compute the weighted average cost of capital using book values as weights. (08 marks)

B) Calculate market price of share as per Walter Model & Gordon Model

Internal rate of return 13%
Cost of capital 11%
Dividend per share Rs 70
Earnings per share Rs. 100 (07 marks)

OR

Q4 Calculate the Market price of the share as per Walter model & Gordon Model if earning per share is (15 marks)

a) Rs.10
b) Rs. 12
c) Rs. 15

Retention Ratio	60%
Internal Rate of Return	12%
Cost of Capital	10%

Q5. A) Define Finanace management? Explain objective of Finance Management? (8 marks)

B) Relationship between EVA, MVA and share price. Explain IRR what are merits and demerits. (7 marks)

OR

Q5. Short notes on (Any 3) (15 marks)

1) Principles of capital budgeting.
2) Features of Preference Share capital.
3) Modigliani Approach
4) Tools of Capital Budgeting.
5) Pay back Period
