QP Code: 774802

(2 1/2 Hours)

[ Total Marks :75

N.B. :	200		questions are compulsor	530			
	(2)		of only simple calculate		mitted.	. `	
	(3)	wor	king notes should form	part of	your answer.	16)	
1. (A)	Fill i	n the	blanks: (Any 8)		nancial Management are imisation.	8	
		(1)		es of Fi	nancial Management are		
			maximisation and weal	th may	imisation.		
	(2) Present Value is the current value of a amount						
		(3)	Sales - Variable Cost =	, Sold III			
	(4) leverage is also known as trading on Equity.						
		(5)	Fixed dividend is paid	on	share capital.		
	(6)cost of capital is the cost of additional amount of cap which is raised by a firm for current/fixed capital investment						
		(7)	Under facility give	ven by	bank, customers are allowed to		
			withdraw in excess of	credit b	alance standing in their Current		
			Account.		0,0		
		(8)	In interest, in	nterest	is carned on the earlier interest as		
			well as on the original	princip	al.		
	(9) The price at which the depentures are currently sold or bout						
			(	alue			
		(10)	- 11	The second second	and tax rate is 20% then		
			earning after tax will b	e Rs.l,	60,000.		
			13ª				
(B)	Mate	ch the	Column (any 3)			7	
					. B		
			share capital		Affected by tax rate		
			ing leverage		Minimum required rate of earning		
3	3. Capital structure				) No fixed dividend		
			interest earned	(d)	Par, premium or discount	18	
			al leverage	(e)	Can be secured or unsecured		
	6. Cost of capital			(f)	Shows different sources of finance.		
			ures can be issued at	(g)	Money market instrument		
8			ercial Paper	(h)	Affected by fixed cost		
9	1/	oan ta		(i)	Least costly source of finance		
100	v. Re	taine	d earnings	(j)	On Principal amount		

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15

2

2. (A) Mr. Rohan has following investments in two Banks I and II:

	Bank I	Bank II
Amount invested (₹)	1,20,000	6,00,000
Compounded Rate of Interest	10% p.a.	8% p. a.
Period	3 Years	3 Years

Calculate the Future value of investment at the end of 3rd year.

(B) Calculate the present value of annuity of ₹10,000 received annually for five years when discounting factor is 10%

OR

2. Find the present value of the Cash flow in following two Cases.

Year Cash Flow
(₹)

1 10,000
2 15,000
3 \$8,000
4 14,000
5 12,000

Case I: Discount Factor 10%
Case II: Discount Factor 12%

P V factor of ₹

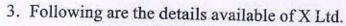
Year	JP'	2	3	4	5
10%	0.909	0.826	0.751	0.683	0.621
12%	0.893	0.797	0.712	0.636	0.567

[TURN OVER]

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Annual Sales ₹ 6,00,000

Variable cost ₹ 4,00,000

Fixed cost: Situation I ₹ 50,000

Situation II ₹ 80,000

Situation III ₹ 1,00,000

The company has 10% debentures of ₹ 1,00,000 Calculate the following in all three situation:

(1) Operating Leverage

(2) Financial Leverage

(3) Combined Leverage

OR

3. Following are the details of two companies

Particulars	Robot Ltd.	Matrix Ltd.
Number of units sold p.a.	60,000	70,000
Selling price per unit	√ ₹ 30	₹ 40
Variable cost per unit	₹ 10	₹ 12
Fixed cost	₹ 2,00,000	₹ 3,00,000
The Company has 12% Debentures	₹ 1,00,000	₹ 1,50,000

## Calculate:

- (i) Operating leverage
- (ii) Financial Leverage
- (ii) Combined Beverage.

Company 'P' issues 12% 2,000 Debentures of ₹ 100 each and company 'Q' issues 15% 3,000 Debentures of ₹ 100 each.

The debentures are redeemable after 8 years. Both companies are in tax bracket of 30% Calculate the cost of debt after tax for both companies if the Debentures are issued at.

(1) Par

- (2) 10% discount
- (3) 10% premium

15

OR

4. Following are the details of two companies A and B

Sources of Finance	Comp	pany A	Company B	
	Amount (₹)	After tax cost of Capital	Amount (₹)	After tax cost of
Equity share capital	3,00,000	15%	4,50,000	capital
Debentures	1,00,000	6.3%	3,50,000	X5%
Retained earnings	1,20,000	11%		7.5%
Preference share capital	80,000	12700000	1,00,000	13%
- Cupital	30,000	8%	1,00,000	11%

Calculate Weighted Average Cost of Capital of two Companies A and B.

	0.000.007	OR	1201		7
5. Write (1)	short notes on (Any 3):  Cost of capital Financial Leverage Concept of Time value	0.	517		15
(2)	Financial Leverage	K3AN			
(3)	Concept of Time value	CTI,			
(5)	Retained earnings as a Wealth maximisation	source of f	inance		
	Wealth maximisation				
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