



PG I INTERNAL TEST FOR 2nd SEMESTER MBA

Course Outcome-

CO1: The student will demonstrate the conceptual understanding of various steps involved in raising, allocation and distribution finance

CO2: The student will be able to apply concepts learnt to demonstrate the understanding of the published reports of business firms and companies.

CO3: The student will be able to exhibit the ability to draw meaningful conclusions about the financial performance of business firms and companies.

CO4: The student will be able to understand time value of money, cost of capital and financial statement readings in managing finance of the organization.

Subject Code:2.5

Subject Title: Financial Management

Faculty Name: Dr.Dharmendra H

Date :07-09-2022

Max Marks :40

Duration: 90 mins

PART A: Answer any 3 questions

	Marks	CO(s)	BTL
1. Define the Time Value of Money. Explain the different techniques of time value of money.	5	1	1
2. What do you mean by cost of Equity? Explain the different techniques of calculating cost of equity.	5	4	1
3. Calculate the future value of the investment from the following data: i) When Rs.6000 is deposited for 3 years at 9% Compounded annually. ii) What sum will amount to Rs.5000 in 6 years time at 8.5% Interest per annum (Compounded annually) iii) Find, when Rs.2500 deposited for 15 months at 8% interest p.a. (Compounded quarterly)	5	4	2
4. What do you mean by Leverage? Explain the different types of leverage.	5	3	1

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PART B : Answer any one questions

				Marks	CO(s)	BTL
5. Given below the following data of two companies :				10	3	3
Particulars	A Ltd.	B. Ltd.				
Sales	4,00,000	3,50,000				
Variable Cost	40% of Sales	40% of Sales				
Fixed Cost	25,000	30,000				
Interest	1,40,000	80,000				
Calculate operating leverage and degree of financial leverage.						
6. Amaranth Cements Ltd has the following capital structure:				10	4	2
Particulars	Market Value (Rs in Lakhs)	Book Value (Rs in Lakhs)	Cost%			
Equity share capital	160	140	12			
Preference share capital	60	40	14			
Fully secured debentures	80	80	13			
Calculate the company's weighted average cost of capital based on both market values and book values.						
PART C : Compulsory Question						
7. A company is considering raising of funds about Rs. 100 Lakhs by one of two alternative methods. viz., 14% Institutional term loan and 13% non convertible debentures. The term loan option would attract no major incidental cost. The debentures would have to be issued at a discount of 2.5% and would involve cost of issue of Rs. 1 Lakh.				15	1	4
Advise the company as to the better option based on the effective cost of capital in each case. assume tax rate of 50%.						

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PG II INTERNAL TEST FOR 2nd SEMESTER MBA

Course Outcome-

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CO4: The student will be able to understand time value of money, cost of capital and financial statement readings in managing finance of the organization.

Subject Code:2.5

Subject Title: Financial Management

Faculty Name: Dr.Dharmendra H

Date :04-11-2022

Max Marks :40

Duration: 90 mins

PART A: Answer any 3 questions

	Marks	CO	BTL																		
1. Define the Working Capital. Briefly explain its importance	5	4	2																		
2. Write a Note on: a. Net Present Value b. Profitability Index	5	3	3																		
3. ABC Co Ltd Manufactures Water filters. However, the cash flow position, in reality is rather weak and the company finds it difficult to effect payments to the suppliers and workers on time. The details of current assets and current liabilities is given to you: Inventories Rs.1800000 Debtors Rs. 1200000 Cash and Bank balances Rs.100000 Creditors Rs.1200000 Bills Payable Rs.500000 You are required to calculate the working capital statement and gauge its liquidity in future.	5	4	3																		
4. The funds available is Rs. 300000 determine the optimal combination of projects assuming that the projects are divisible.	5	3	1																		
<table border="1"><thead><tr><th>Project</th><th>PV of Cash outflow</th><th>PV of Cash Inflow</th></tr></thead><tbody><tr><td>A</td><td>100000</td><td>120000</td></tr><tr><td>B</td><td>300000</td><td>350000</td></tr><tr><td>C</td><td>50000</td><td>66000</td></tr><tr><td>D</td><td>200000</td><td>225000</td></tr><tr><td>E</td><td>100000</td><td>130000</td></tr></tbody></table>				Project	PV of Cash outflow	PV of Cash Inflow	A	100000	120000	B	300000	350000	C	50000	66000	D	200000	225000	E	100000	130000
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PART B : Answer any one questions

Principle


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			Marks	CO	BTL
5. The following figures relate to two companies			10	2	2
Particulars	P Ltd(Rs in Lakhs)	Q Ltd(Rs in Lakhs)			
Sales	500	1000			
Variable Cost	200	300			
Fixed Cost	150	400			
Interest	50	100			
You are required to calculate a. Operating Leverage, b. Financial Leverage C. Combined Leverage.					
6. From the following details you are required to make an assessment of the amount of working capital requirements of AB Ltd.			10	4	3
Particulars	Credit period	Estimation in Rs.			
Raw Materials	6 Weeks	2600000			
Wages	1.5 Weeks	1950000			
Overheads:					
Rent and Rates	6 months	100000			
Salaries	1 Month	800000			
Other Overheads	2 Months	750000			
Sales (Cash)	NA	200000			
Sales(Credit)	2 Months	6000000			
Stock and Work in progress	2 Months	400000			
Unutilized profit	--	300000			
It Is assumed that all expenses and Incomes were made at even rate for the year.					

PART C : Compulsory Question

7. A Company is considering which of the two mutually exclusive projects it should undertake.			15	1	4
Particulars	Project X Rs.000	Project Y Rs.000			
Initial Investment	200	200			
Cash Inflow:					
Year 1	35	218			


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Year 2	80	10
Year 3	90	10
Year 4	75	4
Year 5	20	3

The Cost of Capital is 10%

You are required:

- Calculate the Payback period, NPV and IRR of each project
- State with reasons which project you would recommend.

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