

Q.P. Code: 00005630

[Time: 3.00 Hrs]

[Marks: 75]

Please check whether you have got the right question paper.

Instructions:

1. Q1 (20 marks) & Q8 (15 marks) are compulsory.
2. Attempt Any Four (40 marks) out of Q2, Q3, Q4, Q5, Q6 and Q7.
3. Students have to attempt any four out of the remaining six questions and within each question; students have to attempt any one out of two sub – questions. Each sub – question would carry 10 Marks.
4. Figures to the right indicate full marks.
5. Draw neat diagrams wherever necessary.

Q.1 Read and attempt the following:

(A) Fill in the blank

10 Marks

- i. Efficient management provides smooth functioning to allwithout risk.
- ii. Investor would like to get their cash back with an increase at
- iii.is an increase as a reward of investment according to contribution.
- iv.in business would invite investors with deep faith.
- v. helps to meet the specific needs of the foreign buyers
- vi. Net working capital is represented as.....
- vii. The type of working capital required by the food processing industry is.....
- viii. is needed to meet the working capital need for financing
- ix. The various components of current assets and liabilities have an immediate impact on the calculation of working capital and the.....
- x. the operating cycle period, lower will be the requirement of working capital

(B) State whether True or false.

10 Marks

- i. Creditors are the part of current assets.
- ii. Net working capital refers to the excess of total current assets over total current liabilities.
- iii. Working capital refers to the funds invested in current assets.
- iv. The total of investments in all current assets is known as net working capital
- v. Bills receivable are included in current assets
- vi. Emotional business dealings are generally not resulted in great impact on market.
- vii. Total capital invested is reduced from the current market value and accurate SCV comes out.
- viii. EVA is nothing than a calculator.
- ix. Every shareholder is provided with some benefit in proportion of his contribution.
- x. The investment of business house as well as by investors makes a grand capital and all addition of wealth added on this amount is only due to the decrease in market.

Q.2 Attempt any Two of the following:

10 Marks

- i. Discuss the steps to calculate EVA.
- ii. Explain “Financial management is better on quarterly basis as it provides smooth look after on fiscal manners.”
- iii. Explain Market-to-Book Value (M/BV)

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Q.3 Attempt any One of the following:**10 Marks**

i. The cost of a project is Rs 50,000 and it generates cash inflows of Rs 20,000, Rs 15,000, Rs 25,000 and Rs 10,000 over four years. Present value @ 10% are 0.909, 0.826, 0.751 and 0.683. Calculate Net Present Value, Probability Index and Net Profitability.

ii. A Company is considering whether to purchase a new machine. Machine A and B are available for Rs 80,000 each. Earnings after taxation are as follows:

| Year | Machine A in Rs | Machine B in Rs | 10 % Discounted rate |
|------|-----------------|-----------------|----------------------|
| 1 | 24,000 | 8,000 | 0.909 |
| 2 | 32,000 | 24,000 | 0.826 |
| 3 | 40,000 | 32,000 | 0.751 |
| 4 | 24,000 | 48,000 | 0.683 |
| 5 | 16,000 | 32,000 | 0.621 |

Calculate Net Present Value, Probability Index and Net Profitability.

Q.4 Attempt any Two of the following:**10 Marks**

- What are the different ways that financial statements can be used in valuation?
- What are the different way income statement can be used in valuation?
- What is the objective of financial statements analysis?

Q.5 Attempt any Two of the following:**10 Marks**

- What is the key factor involved in valuation inputs for risk measurement?
- Write a note on Cost of Capital?
- Write a note on free cash flow to firm?

Q.6 Attempt any Two of the following:**10 Marks**

- Explain the concept of working capital.
- What do you mean by financial statement analysis?
- Write note on Management of Cash

Q.7 Attempt any Two of the following:**10 Marks**

- Discuss the relative merits and demerits of Present Value Method?
- Discuss the suitability of Profitability Index Method?
- Explain the merits and demerits of Internal Rate of return.

Q.8 Write short notes on Any three from the following:**15Marks**

- Technology and Production Cycle
- Credit Allowed
- Credit Aailed
- Length of Operating Cycle
- H model
