

SVKM's NMIMS
NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: PGDBM/PGDFM

Examination: December 2015
Subject: Corporate Finance

Date: 18.12.2015

Semester: IV

Course : New

Marks : 70

Time: 3.00 p.m. to 6.00 p.m.

Instructions:

1. Answer to each new question to be started on a fresh page.
2. Figures in bracket indicate full marks.

Q.1) Attempt any 2 out of 4

(Marks: 2X5=10)

- a) What is venture capital?
- b) Mr Ramesh deposits Rs. 2,000 at the end of every year for 5 years in his saving account, paying 5% interest compounded annually. Determine the sum of money, he will have at the end of the 5th year.
- c) What are the objectives of inventory management?
- d) Explain breakeven point.

Q.2) Write short notes on (2 out of 5)

(Marks: 2X5=10)

- a) Present Value of a Perpetual Annuity
- b) Capital rationing
- c) Features of Capital Budgeting Decisions
- d) Receivables Turnover
- e) Economic Order Quantity

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

- a) What are the factors affecting the dividend payout policy?

- b) What is Leverage? Explain the various types of Leverages.
- c) What are the dangers of Excessive and Inadequate Working Capital?
- d) What are the different objectives of Cash Management?
- e) What are the advantages and limitations of payback period?

Q.4) Attempt both the questions

(Marks: 2X10=20)

a) The working result of two machines are given below:

	Machine X	Machine Y
	Rs.	Rs.
Cost	45,000	45,000
Sales per year	1,00,000	80,000
Total Cost Per Year (excluding depreciation)	36,000	30,000
Expected Life	2 years	3 years

Which of the two should be preferred? [Base your decision using ARR]

b) From the following information prepare cash budget for VSI Co. Ltd.:

Particulars	Jan	Feb	March	April
Opening cash balance	20,000			
Collection from customer	1,30,000	1,60,000	1,65,000	2,30,000
Payments :				
Raw materials purchase	25,000	45,000	40,000	63,200
Salary and wages	1,00,000	1,05,000	1,00,000	1,14,200
Other expenses	15,000	10,000	15,000	12,000
Income tax	6,000	----	----	----
Machinery	----	----	20,000	----

The firm wants to maintain a minimum cash balance of Rs. 25,000 for each month. Creditors have allowed one-month credit. There is no lag in payment of salary, other expenses.