

IMBA in FS (NEP) Sem.-4 Examination

DSC-C-FS-242T

Financial Management-II

Time : 2-00 Hours]

May-2025

[Max. Marks : 50

Instructions:

- Figures to the right indicate Full Marks.
- Do not write anything on the question paper.
- Simple calculator is allowed. Do not use a scientific calculator.

Q.1	Explain the Components of Cost of Capital in detail.	10																								
	OR																									
Q.1	The Cost of Various Types of Capital of Kapila Ltd. is given below along with the target Market Proportions.	10																								
	<table border="1"> <thead> <tr> <th>Sources of Funds</th> <th>Amount</th> <th>Proportions in Total Capital Structure</th> <th>Cost of Capital (K)</th> </tr> </thead> <tbody> <tr> <td>Debts</td> <td>2,40,000</td> <td>30%</td> <td>5.68</td> </tr> <tr> <td>Pref.Share Capital</td> <td>80,000</td> <td>10%</td> <td>9.33</td> </tr> <tr> <td>Eq. Share Capital (Rs.100 Each)</td> <td>4,00,000</td> <td>50%</td> <td>13.30</td> </tr> <tr> <td>Cost of Retained Earnings</td> <td>80,000</td> <td>10%</td> <td>13.00</td> </tr> <tr> <td></td> <td>Total</td> <td>100%</td> <td></td> </tr> </tbody> </table>	Sources of Funds	Amount	Proportions in Total Capital Structure	Cost of Capital (K)	Debts	2,40,000	30%	5.68	Pref.Share Capital	80,000	10%	9.33	Eq. Share Capital (Rs.100 Each)	4,00,000	50%	13.30	Cost of Retained Earnings	80,000	10%	13.00		Total	100%		
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	Compute the WACC From the Following:																									
Q.2	A choice is to be made between two competing Projects A and B which require an initial Investment of Rs.60,000 and Rs.50,000 and are expected to generate net cash Flow are as under:	10																								
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(P.T.O)

Q.2	<p>The Cost of Capital of the Company is 10%. Which Project Proposal Should be Accepted? And Why? Evaluate the Proposals, under the Following Methods:</p> <table border="1" data-bbox="379 353 1281 499"> <tr> <td>1) Pay-Back Period Method.</td> </tr> <tr> <td>2) NPV Method.</td> </tr> <tr> <td>3) Profitability Index Method.</td> </tr> </table> <p style="text-align: center;">OR</p> <p>By Investing Rs.50,000 in a Project, the Cash Flow available for 5 Years is as Follows, Find out the Internal Rate of Return. The Cost of Capital is 10% and 15% Respectively.</p> <table border="1" data-bbox="619 772 1005 981"> <tr> <td>1st Year</td> <td>Rs.22,000</td> </tr> <tr> <td>2nd Year</td> <td>Rs.18,000</td> </tr> <tr> <td>3rd Year</td> <td>Rs.14,000</td> </tr> <tr> <td>4th Year</td> <td>Rs.16,000</td> </tr> <tr> <td>5th Year</td> <td>Rs.10,000</td> </tr> </table>	1) Pay-Back Period Method.	2) NPV Method.	3) Profitability Index Method.	1 st Year	Rs.22,000	2 nd Year	Rs.18,000	3 rd Year	Rs.14,000	4 th Year	Rs.16,000	5 th Year	Rs.10,000	10			
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Q.3	<p>The Balance Sheet of the Jethalal Ltd. as on 30-03-2018 is as Follows:</p> <table border="1" data-bbox="347 1787 1289 1910"> <tr> <td>During the 2017-2018 Company's Sales is Rs.8,00,000 Fixed Expenses are Rs.1,60,000 which variable Cost is 45% of Sales, Income Tax Rate is 50%.</td> </tr> <tr> <td>Calculate for the Company all the 3 Types of Leverages in detail.</td> </tr> </table>	During the 2017-2018 Company's Sales is Rs.8,00,000 Fixed Expenses are Rs.1,60,000 which variable Cost is 45% of Sales, Income Tax Rate is 50%.	Calculate for the Company all the 3 Types of Leverages in detail.	10														
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Balance Sheet			
Liabilities	Amount	Assets	Amount
Eq. Share Capital @Rs.10 Per Share	1,00,000	Net Fixed Assets	2,50,000
12% Debenture	1,20,000	Current Assets	80,000
Reserves and Surpluses	40,000		
Current Liabilities	70,000		
Total	3,30,000	Total	3,30,000

Q.4	<p>Write a detailed note on the Determinants of the Dividend Policy in detail.</p> <p style="text-align: center;"><u>OR</u></p> <p>Write a Factors affecting the Dividend Pay-out in detail.</p>	10							
Q.4		10							
Q.5	<p>Write the Following (Any 5 Out 7)</p> <table border="1" style="width: 100%;"> <tbody> <tr> <td>1) Write the Formula of Pay Back Period Method.</td> </tr> <tr> <td>2) Write any 2 Advantages of Net Present Value Method.</td> </tr> <tr> <td>3) Write any 2 Disadvantages of Internal Rate of Return Method.</td> </tr> <tr> <td>4) Write a Formula of Dividend Pay-out ratio.</td> </tr> <tr> <td>5) What are the Combined Leverages? Write in detail.</td> </tr> <tr> <td>6) Write any 2 disadvantages of Average Rate of Return Method.</td> </tr> <tr> <td>7) Write a Formula of Average Rate of Return.</td> </tr> </tbody> </table>	1) Write the Formula of Pay Back Period Method.	2) Write any 2 Advantages of Net Present Value Method.	3) Write any 2 Disadvantages of Internal Rate of Return Method.	4) Write a Formula of Dividend Pay-out ratio.	5) What are the Combined Leverages? Write in detail.	6) Write any 2 disadvantages of Average Rate of Return Method.	7) Write a Formula of Average Rate of Return.	10
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