

Exam.Code:00312
Sub. Code: 2697

1058

M.Com (Master of Entrepreneurship and Family Business)
Second Semester

FB-203: Business Management – III (Finance)

Time allowed: 3 Hours

Max. Marks: 80

NOTE: Attempt five questions in all, selecting atleast two questions from each Unit.

x-x-x

UNIT – I

- I. a) Discuss the significance of computerized accounting system
b) Write a short note on cash flow statement. (8,8)
- II. Draw the Performa of Balance sheet and Profit and Loss Account as per Schedule – VI. (16)
- III. a) Suppose you want to have Rs. 0.5 million saved by the time you reach age 30 and suppose that you are 20 years old today. If you can earn 5% on your funds, how much would you have to invest today to reach your goal?
b) The Lucky Loan Company will lend you Rs. 10,000 today with terms that require you to pay off the loan in thirty-six monthly installments of Rs. 500 each. What is the effective annual rate of interest that the Lucky Loan Company is charging you? (8,8)
- IV. Critically discuss Capital Asset Pricing Model (CAPM) and Arbitrage Pricing Theory (APT) with the help of examples. (16)
- V. What is capital budgeting? Discuss various techniques of capital budgeting. (16)

UNIT – II

- VI. What is investment analysis? Discuss the framework for following up on investment analysis. (16)
- VII. a) Calculate the cost of capital in the following cases
 - i) X Ltd. issues 12% Debentures of face value Rs. 100 each and realizes Rs. 95 per Debenture-The Debentures are redeemable after 10 years at a premium of 10%.
 - ii) Y. Ltd. issues 14% preference shares efface value Rs. 100 each Rs. 92 per share. The sharesare repayable after 12 years at par.

Note: Both companies are paying income tax at 50%.

P.T.O.

(2)

- b) A company raised preference share capital of Rs. 1,00,000 by the issue of 10% preference share of Rs. 10 each. Find out the cost of preference share capital when it is issued at (i) 10% premium, and(ii) 10% discount (10,6)

VIII. A proforma cost sheet of a company provides the following particulars:

Elements of cost	Amount per unit (Rs).
Raw Material	80
Direct labour	30
Overheads	60
Total Cost	170
Profits	30
Selling Price	200

The following further particulars are available:

Raw materials are in stock on an average for one month. Materials are in process on an average for half a month. Finished goods are in stock on an average for one month. Credit allowed by suppliers is one month. Credit allowed to customers is two months. Lag in payment of wages is 1½ weeks. Lag in payment of overhead expenses is one month. One-fourth of the output is sold against cash. Cash in hand and at bank is expected to be Rs.25,000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of production.

You may assume that production is carried on evenly throughout the year, wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month. (16)

- IX. a) Explain non convertible bonds and deep discount bonds
b) What do you mean by share buyback and retention of profits? Discuss (8,8)
- X. Define venture capital? What are various steps of venture capital financing process? Discuss with the help of an example. (16)

x-x-x