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Subject Code: ACSBS 0305

Roll No: ☐☐☐☐☐☐☐☐☐☐☐☐☐

NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA
(An Autonomous Institute)

Affiliated to Dr. A.P. J. Abdul Kalam Technical University, Uttar Pradesh, Lucknow

Course B.TECH.   Branch CSBS

Semester...III   Sessional Examination   II   Year- (2021 - 2022)

Subject Name: Financial Management

Time: 1.15Hours   [SET- B]   Max. Marks:30

General Instructions:

➢ This Question paper consists of ......pages & ......questions.It comprises of three Sections, A, B, and C
➢ Section A -Question No- 1 is objective type questions carrying 1 mark each, Question No- 2 is very short answer type carrying 2 mark each. You are expected to answer them as directed.
➢ Section B - Question No-3 is Short answer type questions carrying 5 marks each. Attempt any two out of three questions given.
➢ Section C -Question No. 4 & 5are Long answer type (within unit choice) questions carrying 6marks each. Attempt any one part _a or b._
➢

	SECTION – A	[8]	
	Individuals buying and selling the stock, All elements of acquiring and using means of financial resources for financial activities, Maximize the value of the firm's common stock & Procurement and effective utilization of funds.		
1.	Attempt all parts	(4×1=4)	CO
a.	The formula for combined leverage is: a. C/EBT b. C/ETB c. C/TEB d. EBT/C.	(1)	CO2
b.	Financial leverage is calculated with the help of: a. Contribution and operating profit b. Operating profit and profit before tax c. Contribution and profit before tax	(1)	CO3
c.	Finance function involves...... a. Procurement of finance only b. expenditure of funds only c. safe custody of funds only d. Procurement and effective utilization of funds	(1)	CO1
d.	The payback method measures: a. How quickly the investment may be covered b. The cash flow from an investment c. The economic life of an investment d. The profitability of an investment	(1)	CO3
2.	Attempt all parts	(2×2=4)	CO
a.	Define the term "Operating Leverage".	(2)	CO3
b.	Discuss the weighted average cost of capital.	(2)	CO2
	SECTION – B		
3.	Answer any two of the following-	[2×5=10]	CO
a.	Explain the terms "Wealth maximization and Profit maximization".	(5)	CO1
b.	Explain the importance of capital budgeting in a firm.	(5)	CO2
c.	Dinesh Ltd. Has issued 8% 10,000 preference shares of Rs. 100 each and has incurred the following expenses: Underwriting commission 2%, brokerage 1%, other expenses Rs.5,000. If the present company tax rate is 50%, what will be the cost of	(5)	CO2

		capital after tax and before tax.		
		SECTION – C		
4		Answer any <u>one</u> of the following-(Any one can be applicative if applicable)	[2×6=12]	CO
	a.	Describe the process of capital budgeting.	(6)	CO3
	b.	A company has estimated that a new product its selling price is Rs. 14 per unit, variable cost is Rs. 9 per unit and fixed cost is Rs. 10,000. Calculate the operating leverage for sales volume of Rs. 3,000 and 4,000 units.	(6)	CO2
5.		Answer any <u>one</u> of the following-		
	a.	Describe the types of leverages.	(6)	CO1
	b.	Royal Co. Ltd. Issued 10,000, 10% Debentures of Rs. 100 each at par. The debentures are irredeemable. Cost of issue is 3% and the rate of tax is 40%. Calculate cost of capital before and after tax.	(6)	CO2