Sanjay Ghodawat University, Kolhapur

2020-21

Established as State Private University under Govt. of Maharashtra. Act No XL, 2017

EXM/P/09/00

Year and Program: 2020/TYBBA	**School of Commerce and Management**	**Department: BBA**
Course Code: MBC FIN307	**Course Title: Advanced Financial Management**	**Semester : V**
Day and Date:Wednesday 09.12.2020	**End Semester Examination**	**Time:2 Hrs. Max Marks:50**

QUESTION PAPER

Instructions: 1) All Questions are compulsory.
2) Use of Commercial Calculator is allowed

			Marks	Bloom's Level	CO
Q.1		**Answer the following (any Two)**–			
	a)	Kumar Ltd. consults you regarding their doubts of Capital Structure. Discuss qualities of Sound Capital Structure.	9	2	1
	b)	Fitwell Company is now capitalized with Rs.50 Lakhs with equity Shares of Rs.500 each. Company is having EBIT Rs.6 Lakh. An additional finance of Rs.50 Lakhs is required under its expansion program. Following options are available in front of them with expected total EBIT of Rs. 12 Lakhs (i) Entirely through share capital by issuing shares of Rs.500 each. (ii) Equity Shares of Rs.25 Lakhs and 12% Debentures worth Rs.25 Lakhs Examine the impact of changes in Capital Structure on EPS	9	3	1
	c)	Suppose your friend is planning to buy a business named Jugad Ltd. He is confused about his decision as there are some myths in his minds about valuation. Counsel him about proper business valuation by clarifying imaginary misconception in his mind about business valuation	9	4	2
Q.2		**Answer the following (any two)** –			
	a)	**A Company had the following balance sheet as on March, 31 2020** The additional information given is as under: Fixed costs per annum (excluding interest) : ☐8 Crores Variable operating costs ratio : 65% Total Assets turnover ratio : 2.5 Income tax rate : 40%	8	2	3

Liabilities and Equity	Rs. Crores	Assets	Rs. In Crores
Equity share capital (one crore shares of Rs.10 each)	10	Fixed Assets (net)	25
Reserves and Surplus	2	Current Assets	15
15% Debentures	20		
Current Liabilities	8		

Required:

Calculate the following and comment:
(i) Earnings Per Share
(ii) Combined Leverage

b) Business valuation and Mergers thought process go hand in hand. Do you agree with above statement? Support your answer with suitable points of Merger Process. 8 3 4

c) Elaborate any 4 types of Mergers with appropriate live examples. preferably from Indian environment. 8 2 4

Q.3 **Answer the following (any two) –**

a) Write a note on International Cash Management. Agrred Currency USD 8 2 5

b) 8 3 5

	PAYABLES		
Subsidiary	Sydney(AUD)	Berlin(EUR)	Mumbai(INR)
Sydney		15000	2800000
Berlin	12000		3200000
Mumbai	10000	18000	
Agreed Rate	AUD/USD	0.7385	
	EUR/USD	1.1825	
	INR/USD	0.0132	

c) Guide Shakuntal Ltd on Walter's Model of Dividend Payment. 8 4 6
