

Seat No: _____

Enrollment No: _____

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com (Hons) Sem VI
Mid Term Examination Feb - 2018

Semester : VI

Subject Code : 16100352

Subject Name: Financial Management- II

Date: 26/2/19

Time: 8.00 to 10.00

Total Marks: 40

Instructions:

1. Attempt all questions from each section
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.

Q.1	MCQ/True-False/Definitions 1) Shares 2) Lease & Sales Back 3) Dividend 4) Full firm of CAPM 5) Formula for CAPM 6) Proxy voting Rights 7) AGM 8) Loan	(08)
Q.2	Answer the following questions:- (Four marks each) (a) Explain what are Ordinary shares? Also state its Characteristics (b) Difference between Operating Lease & Financial Lease.	(08)
Q.3	Answer the following questions:- (Four marks each) (a) State merits and Demerits of Debentures (b) A company earns Rs 10 per share at an interest rate of 15%. The firm has a policy of paying 40% of earning as dividend. If the required rate of return is 10%. Determine the price of the shares under, I. Walter's model II. Gordon's model	(08)
Q.4	Short/Descriptive/Practical questions (Compulsory) ABC Company currently has Rs. 1,00,000 outstanding shares selling at Rs 100 each. The firm has net profit of Rs 1,00,000 and wants to make new investment of Rs 20,00,000 during the period the firm is also thinking of declaring a dividend of Rs 5 per share at the end of the current Fiscal year, The firm opportunity cost of capital is 10% What will be the price of the shares at the end of the year if I. Dividend is not declared II. Dividend is declared III. How many new shares must be issued?	(08)
Q.5	Short/Descriptive/Practical questions (Any 2 out of 3) (a) Explain the Concept of CAPM with the help of An example. (b) Explain the sinking fund method of Debentures redemption. (c) Sate the Assumptions of Walters Model.	(08)