Dr Amit

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT
T2 EXAMINATION – APRIL 2018
SEMESTER – IV (ALL BRANCHES)

Course Code: 10B11PD411 **Max. Marks: 25**
Course Name: Financial Management
Course Credit: 3 **Max. Time: 1 Hr. 30 mins**

Note: Answer all questions. Carrying of mobile phones will be treated as a case of unfairmeans. Make suitable assumptions wherever required.

1. Answer briefly: (2+2+1=5)

a) How Depreciation is different than all other forms of expenditures?
b) What are the factors which make Capital Budgeting Decisions, a critical one?
c) What do you understand by "Adjustments" of Trial Balance?

2. Mr. Vivek wants to purchase a latest laptop of Rs 1,80,000/- He made a down payment of Rs 30,000/- and remaining amounts to be financed through bank. He wants a loan of 6 months duration. Calculate his EMI and prepare Loan Amortisation Schedule, assuming interest rate to be charged by the bank is 18% per annum. **(5)**

3. ABC Insurance Corporation is launching its new scheme for its consumers in which it is asking to its policyholder to make an immediate payment of Rs 10,00,000/-, against which it will make payment to its policyholders as – Rs 2,00,000/- each year from 3^{rd} to 6^{th} year, Rs 3,00,000/- at the beginning of each year from 8^{th} to 10^{th} year, and a lumpsum of Rs 2,50,000/- on the end of 10^{th} year. Assuming discount rate to be 12% per annum, should the consumer buy the policy? **(5)**

4. Following is the Balance Sheet of ABC Ltd as at 31^{st} March 2018: **(6)**

Liabilities	**Amount (Rs)**	**Assets**	**Amount (Rs)**
Equity Share Capital	500000	Plant and Machinery	400000
Preference Share Capital	300000	Land and Buildings	500000
Long Term Loan (@10%)	400000	Debtor	100000
		Cash in hand	80000
Creditor	50000	Cash in banks	40000
Bills Receivable	30000	Inventory	110000
		Account Receivables	50000
	1280000		1280000

Using the ratios given below, prepare Income Statement of the company:
Total asset turnover ratio (COGS/TA) is 0.6875 times; return on equity is 24.3%, OPM and NPM are 26% and 12.96% respectively; interest coverage is 7.75 times.

5. A company's ROI is 25% before tax and applicable tax rate is 60%. The company has a loan of Rs 25 lakhs (@15% p.a.) as a part of capital employed.

Calculate the earnings available to shareholders. How much would the earnings available to shareholders change if company did not employ debt? **(4)**