

Reg. No.

Question Paper Code

11897

B.E. / B.Tech. - DEGREE EXAMINATIONS, APRIL / MAY 2023

Sixth Semester

Computer Science and Business Systems

20CBEL609 - ADVANCE FINANCE

(Regulations 2020)

Duration: 3 Hours

Max. Marks: 100

PART - A (10 × 2 = 20 Marks)

Answer ALL Questions

- | | <i>Marks,
K-Level, CO</i> |
|---|-------------------------------|
| 1. Recall the definition of financial management. | 2,K1,CO1 |
| 2. What do you mean by time value of money? | 2,K1,CO1 |
| 3. Show the various forms of dividends. | 2,K2,CO1 |
| 4. Show the formula of Walter's relevance concept of dividend policy. | 2,K2,CO1 |
| 5. Define the term lease financing. | 2,K1,CO1 |
| 6. Identify the features of a hire purchase arrangement. | 2,K2,CO1 |
| 7. Explain the term merger and acquisition. | 2,K1,CO1 |
| 8. Interpret the term share split with an example. | 2,K2,CO1 |
| 9. Classify the various components of working capital. | 2,K2,CO1 |
| 10. Analyze the principal motives for holding cash. | 2,K2,CO1 |

PART - B (5 × 13 = 65 Marks)

Answer ALL Questions

11. a) "In what way wealth maximization objective is superior than profit maximization objective"-Discuss. 13,K2,CO1
- OR**
- b) Discuss in detail the various classifications of sources of finance. 13,K2,CO1
12. a) Summarize the various factors determining dividend decisions and which factors are highly influenced in your decision? 13,K2,CO2
- OR**
- b) Outline the assumptions of MM irrelevance concept of dividend policy. 13,K2,CO2
13. a) "Leasing versus buying with borrowed funds"- Compare and contrast. 13,K2,CO3
- OR**
- b) Explain the methods of interest calculations in hire purchase transactions. 13,K2,CO3

K1 – Remember; K2 – Understand; K3 – Apply; K4 – Analyze; K5 – Evaluate; K6 – Create

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14. a) Discuss the different approaches to determine the exchange ratio in mergers and acquisitions. 13,K2,CO4

OR

- b) Discuss the advantages and disadvantages of mergers and acquisitions. 13,K2,CO4

15. a) Write a short note on i) Commercial paper, ii) T -Bills, 13,K2,CO5
iii) Certificate of Deposit.

OR

- b) As finance manager- Discuss the various factors to determine the working capital requirements in Indian soft drink industry. 13,K2,CO5

PART - C (1 × 15 = 15 Marks)

16. a) As a Finance Manager of smart watch start up, estimate the working capital for 20,000 smart watches and the following cost / unit information is as follows: 15,K3,CO6

Elements of cost	Amount per unit (Rs.)
Raw Material	50
Direct Labour	40
Over Head	20

Total Cost	110

Profit	40

Selling Price	150

Raw materials are in stock on an average-2 months. Materials are in process for an average of 1 month. Finished goods are in stock on an average-8 weeks. Credit allowed by suppliers is 2 months. Lag in payment of wages is 2 weeks. Credit allowed to customers is one month. The Cash manager is expected to maintain a cash balance of Rs.75, 000. The corporation is to make provision of 10% contingency of its working capital. Determine the working capital required for 20,000 smart watches units.

OR

- b) The following information is available in respect of ABCD Ltd. 15,K3,CO6
Capitalization rate is 10%, Earnings per share Rs. 40, and assumed rate of return on investments (i) 12%, (ii) 10% and (iii) 8%.
Show the effect of dividend policy on market price of shares applying Walter's formula when dividend payout ratio is (a) 0%, (b) 50% and (c) 100%.