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Question Paper Code	12818
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B.E. / B.Tech. - DEGREE EXAMINATIONS, APRIL / MAY 2024

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

	Marks	K- Level	CO
1. What is primary market?	2	K1	CO1
2. Define option.	2	K1	CO1
3. What is dividend decision matrix?	2	K1	CO2
4. Define stock split.	2	K1	CO2
5. Define the term lease.	2	K1	CO3
6. What is hire purchase?	2	K1	CO3
7. What do you mean by the term amalgamation?	2	K1	CO4
8. Define leverage buy-out.	2	K1	CO4
9. Define cash management.	2	K1	CO5
10. Define receivables management.	2	K1	CO5

PART - B (5 × 13 = 65 Marks)

Answer ALL Questions

11. a) Discuss in brief about different types of securities with suitable examples.	13	K2	CO1
OR			
b) Discuss about the different types of bonds.	13	K2	CO1
12. a) i) What are the critic views of Miller and Modigliani hypothesis?	6	K2	CO2
ii) An increasing number of companies are finding that the best investment they can make these days is in themselves. Discuss this view. How is the desirability of repurchase affected by company prospects and the price of its stock?	7	K4	CO2
OR			
b) i) Discuss the important provisions of company laws in India pertaining to dividends.	6	K2	CO2
ii) It is good saying that I can sell shares to cover my cash needs, but that may mean selling at the bottom of the market. If the company pays a regular dividend, investors avoid that risk. Please respond to this statement.	7	K4	CO2

13. a) i) Explain different types of leasing in detail. 6 K2 CO3
 ii) Write the merits and disadvantages of leasing. 7 K2 CO3

OR

- b) i) Differentiate leasing vs buying. 6 K2 CO3
 ii) Differentiate between leaning and hire purchase. 7 K2 CO3
14. a) i) Enumerate different types of mergers in detail. 6 K2 CO4
 ii) What is financial restructuring? State the mechanisms of financial restructuring with suitable examples. 7 K2 CO4

OR

- b) i) State the evaluation procedure of merger proposal. 6 K2 CO4
 ii) Explain about leverage buy-out also state its importance. 7 K2 CO4
15. a) i) Discuss the significance of working capital management in business enterprises. 6 K2 CO5
 ii) How would you assess the working capital requirement of your company? 7 K5 CO5

OR

- b) i) If a firm has a constant requirement of working capital throughout the year, which of the three-financing plan is preferable? Why? 7 K4 CO5
 ii) Illustrate the dangers of excess working capital and inadequate working capital. 6 K2 CO5

PART - C (1 × 15 = 15 Marks)

16. a) i) Investors have a strong preference for dividends. Do you agree? 7 K5 CO2
 ii) Details regarding three companies are given below 8 K3 CO2
 X Ltd ($r = 18\%$; $k = 15\%$; $E = \text{Rs } 30/-$
 Y Ltd ($r = 20\%$; $k = 20\%$; $E = \text{Rs } 40/-$
 Z Ltd ($r = 8\%$; $k = 10\%$; $E = \text{Rs } 20/-$
 By using Walter's Model you are required to
 Calculate the value of an Equity share for each of these companies
 when dividend payout ratio is (a) 30% (b) 60% and (c) 100%
 Comment on the results drawn.

OR

- b) i) Discuss in detail about inventory management and state its importance. 7 K2 CO5
 ii) Moon Ltd is engaged in customer retailing. You are required to estimate its working capital requirements from the following data: 8 K3 CO5
 Projected Annual Sales - Rs 6,50,000 ;
 Percentage of Net profit to cost of sales – 25%
 Average credit allowed to debtors – 10 weeks
 Average credit allowed by creditors – 4 weeks
 Average Stock carrying (in terms of sales requirements) – 8weeks
 Allow 20% Contingencies.