



BRAINWARE UNIVERSITY

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Term End Examination 2023

Programme – MBA-2018/MBA-2019/MBA-2020/MBA-2021

Course Name – Corporate Finance

Course Code - MBA207

(Semester II)

	l Marks : 60 he figure in the margin indicates full marks. Candida words as far as	ates are required to give their answe	me : 2:30 Hours ers in their own	
	Grou			
_	(Multiple Choice T		1 x 15=15	
1.				
(i)				
	a) External return method	b) Net present value method		
	c) Net future value method	d) Internal rate of return method		
(ii)				
	a) Profitability Index	b) Accounting Rate of Return		
	c) Internal Rate of Return	d) Benefit Cost Ratio		
(iii) Identify the objective of financial management is:				
	a) cost maximization	b) wealth maximization		
	c) assets maximization	d) Sales maximization		
(iv)	(iv) Beta measures the Choose the correct answer.			
	a) Market and Finance Risk	b) Financial Risk		
	c) Market Risk	d) Investment risk rate		
(v)	Define \'investment\'.			
	a) Payment of regular expenses like rent, electricity bill etc.	b) Persons commitment to buy a	flat or house	
	c) Employment of fund on assets to earn return	d) None of the above		
(vi)	Identify the primary objective of financial Management.			

b) To minimize risk

d) To maximize profit

a) Primary objective of financial Management

c) To maximize wealth of the owner

is-

(vi	Select the correct option that illustrates that the shareholders wealth increases with the increase in		
(vii	a) EPS c) Dividend & market value of the firm Cost of capital refers to Select the correct	 b) Market value of the firm d) Market price of the equity share option. 	
	a) Weighted Average cost of all debts	 b) Minimum Rate of Return that the firm should earn. 	
	c) Average IRR of the Projects of the firm	d) Rate of Return expected by Equity Shareholders	
(ix)	Select from the following an example of Derivative	e Security.	
(x)	c) A commodities futures market	d) B and C	
(xi)			
(xii)	a) positivec) negativeIndicate that Net present value is popular method	b) independent d) zero I which falls under	
(xiii)			
(xiv)	a) largerc) No changeDebt-to-total assets (D/TA) ratio is .4. Calculate its	b) lower d) fixed debt-to-equity (D/E) ratio?	
	a) 0.2 c) 0.667 The price of the share of Annu Ltd is Rs. 80, and t	b) 0.6 d) 0.333 he value of growth oportunities is Rs. 20.	
	a) 0.1125 c) 0.1415	b) 0.1355 d) 0.1045	
	a) EPS b) Market value of the firm d) Market price of the equity share Cost of capital refers to Select the correct option. a) Weighted Average cost of all debts c) Average IRR of the Projects of the firm should earn. d) Rate of Return expected by Equity Shareholders Select from the following an example of Derivative Security. a) A common share of general Motors c) A commodities futures market d) B and C Indicate the specific trading post assigned to Exchange member. d) Commission broker d) Dealer A project whose cash flows are more than capital invested for a rate of return conclude the net present value will be Select the correct option. d) positive d) zero ndicate that Net present value is popular method which falls under d) Non-discount cash flow method d) Equal within non discount cash flow method d) Equal within non discount cash flow method d) Equal within non discount cash flow method d) I larger d) Nor-dange d) fixed Debt-to-total assets (D/TA) ratio is .4. Calculate its debt-to-equity (D/E) ratio? d) 0.2 d) 0.66 d) 0.333 he price of the share of Annu Ltd is 15%, compute is the earning - price ratio? d) 0.1125 d) 0.1125 d) 0.1045 Group-B (Short Answer Type Questions) 3 x 5=15 ne the term 'temporary working capital' ne the term 'temporary working capital' ne the term 'Capital Budgeting'. ain how the risk of a security be calculated. ain the dangers of excessive working capital' fifty the significance of Diversification. OR		
3. De 4. Ex 5. Ex	fine the term 'temporary working capital? fine the term 'Capital Budgeting'. plain how the risk of a security be calculated. plain the dangers of excessive working capital? stify the significance of Diversification.		(3) (3) (3)
Su	OF mmarize transaction motive.		(3)
			(5)

Group-C

(Long Answer Type Questions)

5 x 6=30

7. Discover and write brief note about financing decision	(5)	
8. Critically examine the objectives of capital budgeting.	(5)	
9. 'The credit policy of a company is criticized because the bad-debt losses have increased	(5)	
considerably and the collection period has also increased.' Justify this criticizm.	,	
10. Illustrate the calculation of cost of equity using CAPM.	(5)	
11. Analyze the concept of leverage and its significance in financial management.	(5	
12. Evaluate the advantages and disadvantages of using leverage in financial management.		
OR		
Analyze the relationship between leverage and risk in financial management.	(5	