



SOMAIYA

VIDYAVIHAR UNIVERSITY

Dr. Shantilal K. Somaiya School of Commerce and Business Studies

QUESTION PAPERS

BRANCH: Master of Commerce (Banking & Finance)	SEM: II
	APR-2024

Sr. No.	Subject	Available
1.	231P24C201 – Business Finance	
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April 2024

Examination: End Semester Examination (PG Programmes)

Programme code: 24		Class: FYMBF	Semester: II
Programme: Banking & Finance			
Name of the Constituent College: S K Somaiya		Name of the Department: Accounting & Finance	
Course Code: 231P24C201	Name of the Course: Business Finance		
Duration : 2 Hr.	Maximum Marks : 60		
Instructions: 1) Draw neat and clear diagrams with pencil whenever necessary 2) Assume suitable data if necessary			

Question No.		Max. Marks	CO		
Q 1	a) Explain importance of crowdfunding in venture capital in detail.	5	CO2		
	b) The annual cash requirement of A Ltd. is Rs 20 lakhs. The company has marketable securities in lot sizes of ₹50,000, ₹1,00,000, ₹2,00,000, ₹2,50,000 and ₹5,00,000. Cost of conversion of marketable securities per lot is ₹625. The company can earn 25% annual yield on its securities. You are required to prepare a table indicating which lot size will have to be sold by the company. Also show that the economic lot size can be obtained by the Baumol Model.	5	CO4		
	c) Discuss the capital budgeting discounted techniques with the help of suitable formula and examples.	5	CO3		
Q 2	a) Discuss the Indian financial system in detail with some landmark decisions and changes.	7	CO1		
	b) Explain the Components of Money Market in India with examples in detail.	8	CO1		
	OR				
	a) Explain the stage-wise sources of finance for startups in detail.	7	CO2		
	b) Discuss the short-term source of finance in detail with examples.	8	CO2		
Q 3	a) KJ & XYZ company is considering the purchase of a new fixed asset. Two alternative investments are available (X and Y) each costing ₹2,00,000. Cash inflows are expected to be as follows:		15	CO3	
	Cash inflows	Investment X			Investment Y
	Years	₹			₹
	1	80,000			100,000
	2	70,000			80,000
	3	50,000			60,000
	4	40,000			60,000
	The company has a target return on capital of 20%. Calculate for both investments - a) NPV and b) Discounted Pay Back Period.				

	<p style="text-align: center;">OR</p> <p>a) X deposits ₹9,00,000 in a bank which pays 10% interest. How much be withdraw annually for a period of 10 years assuming that at the end of 10 years the amount deposited will be zero.</p> <p>b) PC Deposits ₹80,000 with a bank for a period of 5 years which agreed to pay 14% interest compounded annually. Find out the amount of deposit to be received on maturity.</p>	<p>7</p> <p>8</p>	<p>CO3</p> <p>CO3</p>																						
<p>Q 4</p>	<p>a) From the following details, prepare an estimate the requirement of working capital:</p> <table><tr><td>Production</td><td>60,000 units</td></tr><tr><td>Selling price per unit</td><td>₹5</td></tr><tr><td>Raw material</td><td>60% of selling price</td></tr><tr><td>Direct wages</td><td>10% of selling price</td></tr><tr><td>Overheads</td><td>20% of selling price</td></tr><tr><td>Material in hand</td><td>2 months requirement</td></tr><tr><td>Production time</td><td>1 month</td></tr><tr><td>Finished good in stores</td><td>3 months</td></tr><tr><td>Credit for material</td><td>2 months</td></tr><tr><td>Credit allowed to customers</td><td>3 months</td></tr><tr><td>Average cash balance</td><td>₹1,20,000</td></tr></table> <p>Wages and overheads are paid at the beginning of the month following. In production, all the required materials are charged in the initial stage and wages and overheads accrue evenly.</p> <p style="text-align: center;">OR</p> <p>a) XYZ maintains a separate account for cash disbursement. Annual cash requirements are ₹20,00,000. Administrative and transaction cost of transferring cash to disbursement account is ₹10 per transfer. Marketable securities yield is 12% p.a. Determine the optimum cash balance, total transaction cost and opportunity cost according to William J. Baumol Model.</p> <p>b) Calculate reorder level, minimum stock level, maximum stock level and average stock level from the following information: Normal usage 500 units per week Maximum usage 600 units per week Minimum usage 400 units per week Reorder period 8-10 weeks Reorder quantity 4,500 units</p>	Production	60,000 units	Selling price per unit	₹5	Raw material	60% of selling price	Direct wages	10% of selling price	Overheads	20% of selling price	Material in hand	2 months requirement	Production time	1 month	Finished good in stores	3 months	Credit for material	2 months	Credit allowed to customers	3 months	Average cash balance	₹1,20,000	<p>15</p> <p>7</p> <p>8</p>	<p>CO4</p> <p>CO4</p> <p>CO4</p>
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