

Smt. S.I.Patel Ipcowala College of Commerce Petlad.

Internal Examination Feb.2019

B.com Semester-6 (English Medium)

Subject : Corporate Finance

Date : 26 /2/2019

Time : 8 to 9

Marks :30

**Q-1.** Following information is obtained from the Patel Chemicals Ltd.

1. Equity share capital : 1,50,000 share ,each of Rs. 10
2. 11% Preference share capital : 2500 share , each of Rs. 100
3. Reserve and Surplus : Rs. 15,00,000
4. 15% Debenture : 30,000 Debenture , each of Rs. 100

Expected rate of dividend on equity share for the next is 20%, .Growth rate of company's earning is 10%, Current market rate of equity share is 25, Cost of retained of earning is 3% low in the comparison of equity share capital. Suppose the current market price of preference share is 60 and current market price of debenture is 70, rate of corporate taxes is 40%.

Find out the Average weighted cost of capital on the base at following :

- (1) Weight of Book-value (2) Weight of Market -value

Or

**Q-1. (A)** Discuss merits and limitations of "Trading on Equity"

**(B)** Write Note on A.B.C. Analysis .

**Q.-2.** Explain sources of working capital finance and Discuss factors determining Working capital requirements

Or

**Q.-2.** Calculate operating cycle and requirement of working capital :

Particular	Opening Balance	Closing Balances
Raw materials	43,500	52,500
Work in progress	37,000	40,000
Finished goods	42,000	54,000
Sundry debtors	50,000	70,000
Sundry creditors	34,700	40,000
Administrative Expenses		20,000
Sales & distribution Expenses		10,000
Labour & production expenses		2,25,000
Materials purchased (credit )		2,49,000
Total sales (credit)		6,00,000

Assume yearly 360 days .