

FINAL EXAMINATION

December 2013

F-P12(AFM)

Syllabus 2008

Financial Management & International Finance

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Please: (i) Answer all bits of a question at one place.

(ii) Open a new page for answer to a new question.

(iii) Tick the question number answered on the front sheet of the answer-book.

Answer Question No. 1 from Part A which is compulsory and any five questions from Part B.

PART A (25 Marks)

1. (a) In each of the cases given below, one out of four answers is correct. Indicate the correct answer (= 1 mark) and give workings/reasons briefly in support of your answer (= 1 mark): 2×9=18
- (i) Dividend-Payers Ltd. has a stable income and stable dividend policy. The average annual dividend payout is ₹ 27 per share (Face Value = ₹ 100). You are required to find out Dividend payout in year 2, if the company were to have an expected market price of ₹160 per share at the existing cost of equity.
[The market price in year 1 is Rs. 150]
(A) ₹ 28.88
(B) ₹ 26.86
(C) ₹ 28.80
(D) ₹ 26.98
- (ii) The ratio of current assets (₹ 3,00,000) to current liabilities (₹ 2,00,000) is 1.5 : 1. The accountant of this firm is interested in maintaining a current ratio of 2 : 1 by paying some part of current liabilities. Hence, the amount of current liabilities which must be paid for this purpose is
(A) ₹ 1,00,000
(B) ₹ 2,00,000
(C) ₹ 2,50,000
(D) ₹ 1,50,000
- (iii) The interest rate in Germany is 11 per cent and the expected inflation rate is 5 per cent. The British interest rate is 9 per cent. How much is the expected inflation rate in Britain?
(A) 3.0%
(B) 3.1%
(C) 4.5%
(D) 2.9%
- (iv) Annual usage of a firm is 3,60,000 units and 2 to 4 days are taken in receiving delivery of inventory after placing an order. Calculate Re-order level, if the reasonable expected stock out is 100 units per day. (Assume 1 year = 360 days)
(A) 3000 units
(B) 3300 units
(C) 2500 units
(D) 3500 units

Please Turn Over

