



Plot No. 2, Knowledge Park-III, Greater Noida (U.P.)–201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2020 -22)

MID TERM EXAMINATIONS (TERM -III)

Academic Session- 2020-21

Subject Name : Corporate Finance

Time: 01.30 hrs

Sub. Code: PG-20

Max Marks: 20

Note:

1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.

2. All questions are compulsory in Section A, B & C. Section A carries 1 Case Study of 8 marks. Section B carries 3 questions of 2 marks each and Section C carries 2 questions of 3 marks each.

SECTION – A

04+04 = 08 Marks

Q. 1: Case Study:

Prepare an amortization schedule for a 3 year loan Rs.100,000. The interest rate is 8 percent per year, and loan calls for equal annual payments. Amortise with equal payments.

- How much outstanding loan in the First and Second year?
- How much total interest is paid over the period of the loan?

SECTION – B

02×03 = 06 Marks

Q. 2: Are debt instruments always preferred to fund Capital of a Firm? Comment

Q. 3: How Do You Compute future value of a lump sum amount and an Annuity?

Q. 4: Investment, financing and dividend decisions are all inter-related. Comment using an example

SECTION – C

03×02 = 06 Marks

Q.5. “Agency Conflicts are inevitable in the business”. Comment using an example

Q. 6. Jhanvi wish to earn Rs. 3,000 per year for 6 years. Calculate the Present Value of Annuity assuming that he can earn interest on his investment at 10% p.a.

Table D: Present Value Factor of an Annuity (PVFA) of ₹1

Year	Interest Rate													
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	0.901	0.893	0.885	0.877
2	1.970	1.942	1.913	1.886	1.859	1.833	1.808	1.783	1.759	1.736	1.713	1.690	1.668	1.647
3	2.941	2.884	2.829	2.775	2.723	2.673	2.624	2.577	2.531	2.487	2.444	2.402	2.361	2.322
4	3.902	3.808	3.717	3.630	3.546	3.465	3.387	3.312	3.240	3.170	3.102	3.037	2.974	2.914
5	4.853	4.713	4.580	4.452	4.329	4.212	4.100	3.993	3.890	3.791	3.696	3.605	3.517	3.433
6	5.795	5.601	5.417	5.242	5.076	4.917	4.767	4.623	4.486	4.355	4.231	4.111	3.998	3.889
7	6.728	6.472	6.230	6.002	5.786	5.582	5.389	5.206	5.033	4.868	4.712	4.564	4.423	4.288
8	7.652	7.325	7.020	6.733	6.463	6.210	5.971	5.747	5.535	5.335	5.146	4.968	4.799	4.639
9	8.566	8.162	7.786	7.435	7.108	6.802	6.515	6.247	5.995	5.759	5.537	5.328	5.132	4.946
10	9.471	8.983	8.530	8.111	7.722	7.360	7.024	6.710	6.418	6.145	5.889	5.650	5.426	5.216



GL BAJAJ

Institute of Management & Research

Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

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Mapping of Questions with Course Learning Outcome

COs	Question Number(s)	Total Marks Allocated to the CO
CO1	Q.5, Q.4, Q.3,Q.2	09
CO2	Q.6, Q.1	11

Note: Font: Times New Roman, Font size: 12.