



GL BAJAJ

Institute of Management & Research

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

Roll No.....

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

POST GRADUATE DIPLOMA IN MANAGEMENT (2017-19)
SPECIAL MID TERM EXAMINATIONS (TERM -III)

Subject Name: **Corporate Finance**
Sub. Code: **PG-20**

Time: **01.30 hrs**
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 Case Study with 2 questions of 4 marks each, 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

1. Prepare an amortisation schedule for a 5 year loan Rs.100,000. The interest rate is 8 percent per year, and loan calls for equal annual payments. Amortise with equal payments.
 - a) How much outstanding loan in the third and fourth year?
 - b) How much total interest is paid over the period of the loan?

SECTION - B

02×03 = 06 Marks

2. Discuss the relationship between the financing decision and investment decision in a firm.
3. “Objective of the firm is to maximize the value of the firm for its owners, that is, to *maximize shareholder wealth*” *Briefly comment on profit maximisation and wealth maximisation.*
4. What is an annuity and annuity due? How is the present value of annuity and annuity calculated?

SECTION - C

03×02 = 06 Marks

5. A 2 year loan of Rs.150,000 is to be repaid in equal monthly instalments. The loan carries a interest of 10% p.a. Calculate the equal monthly instalment along with the effective annual interest rate on the loan.
6. To receive a perpetuity payment of Rs.1500 each year, how much current investment should be made by individual, if the bank is offering interest of 12 percent per annum?