

VVM's SHREE DAMODAR COLLEGE OF COMMERCE & ECONOMICS  
TY BBA (FS), SEMESTER V (REPEAT) SEMESTER END ASSESSMENT, JUNE 2022  
SUBJECT: CORPORATE FINANCE

Timing: 02 HOURS

Marks: 60

**Instructions:** i) All Questions are Compulsory.  
iii) Figures to the right indicate maximum marks.  
iv) Start each question on a fresh page.

Q.1. Answer **ANY FIVE** from the following. (4\*5=20 Marks)

- a) Simple interest v/s Compound interest.
- b) Amortization is the process of spreading out a loan into a series of fixed payment. Comment
- c) Stock Splits
- d) Coupon Rate
- e) Single period valuation Model
- f) Government Bonds

Q.2. Calculate the present value of share using Multiple period model. (10 Marks)  
State Bank of India has a common shares outstanding in the market with the price earning ratio of 15.2. The annual expected growth in earnings, dividend and price is 18%. The earning per share is ₹9.3. the dividend payout is 25% and the investors

Q.3. Calculate the estimated stock price using Two stage growth model. (10 Marks)  
The return of ABJ Shipyard Ltd. at present is 34%, it is assumed to continue for next 4 years after that it is assumed to have a growth rate of 20%. The dividend paid for the year 2018-19 is 6.2. The rate of return is 40%. the present price of the stock is ₹ 69.

Q.4. "Stock Valuation integrates the theoretical and the practical worlds into a single resources for the valuation of publicly traded companies". Explain. (10 Marks)

Q.5. A business is always in need of money, the business needs to determine the type of loan it requires considering their needs and then apply for a specific loan. Comment. (10 Marks)

Q.6. A stock split is a decision by the company to increase the number of outstanding shares by a specified multiple. Elaborate with relevant example (10 Marks)

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