

**APPEARANCE OF MOBILE PHONE(S) / SMART DEVICE(S) SUBJECT TO CONSIDERED AS AN
ACT OF CHEATING**

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College Name: _____

Student Name: _____ Father's Name: _____

Copy No: _____

**KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION AFFILIATED COLLEGES; JUNE 2016
INTRODUCTION TO BUSINESS FINANCE; BA (H)-412 (PART B)
BBA – IV**

Date: June 14, 2016

Max Time: 90 Mins

Max Marks: 30

INSTRUCTIONS:

- 1. Attempt all questions. Do not write anything on the question paper.**
- 2. Mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.**

Q1 a) Find the Present Values of the following Ordinary Annuities: **[02]**

- i. \$800 per year for 10 years at 10%
- ii. \$400 per year for 5 years at 5%
- iii. \$500 per year for 6 years at 8%

b) Find the Present Values of the following Annuities Due: **[02]**

- i. \$400 per year for 10 years at 10%
- ii. \$200 per year for 5 years at 5%
- iii. \$500 per year for 6 years at 8%

Q2 a) Find the Net Income and Net Cash Flows of Graven Corporation having following data available: **[02]**

EBIT	\$1500000
Depreciation Expense	\$400000
Tax Rate	35%

(Note: Graven Corporation is 100% Equity Financed)

b) Find the Owners' Equity and Net Working Capital of ABS Corporation having following data available: **[02]**

Current Assets	\$ 5,300	Net Fixed Assets	\$ 26,000
Current Liabilities	\$ 3,900	Long Term Debt	\$ 14,200

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Q3 a) Newmars Corporation has net working capital of \$1,370, current liabilities of \$3,720, and inventory of \$1,950. **[02]**
What is the current ratio? What is the quick ratio?

b) Find out Net Income, Return On Assets and Return On Equity from the following information of SOBBER Corporation: **[02]**
sales of \$29 million total assets of \$17.5 million,
total debt of \$6.3 million profit margin 8 percent

c) What is the Inventory Turnover of New Moon Corporation having ending inventory of \$407,534, and cost of goods sold for the year just ended was \$4,105,612? **[02]**

Q4 Calculate Cost of Equity Capital of Global Corporation from the following information: **[04]**

- The yield to maturity on corporation's outstanding bonds is 9%
- Tax Rate 40%
- Corporation's WACC is 9.96%
- Corporation's target Capital Structure is 60% Equity, and 40% Debt.

Q5 Argon Corporation has Two Investment Projects each of which requires \$10 million Expenditure. The finance manager estimates that these investments will produce following net cash flows: **[12]**

Year	Project X	Project Y
1	\$2500000	\$10000000
2	\$5000000	\$5000000
3	\$10000000	\$3000000

- i) Find out the Two Projects' Net Present Values assuming the Cost of Capital is 10%, 5%, and 15%.
- ii) Calculate Payback, IRR for both Projects

END OF SUBJECTIVE PAPER