



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad - 500 043

MASTER OF BUSINESS ADMINISTRATION TUTORIAL QUESTION BANK

Course Name	:	STRATEGIC INVESTMENT AND FINANCING DECISIONS
Course Code	:	CMB419
Class	:	II MBA II SEMESTER
Branch	:	MBA
Academic Year	:	2017– 2018
Course Coordinator	:	Ms. I Shireesha, Assistant Professor, MBA
Course Faculty	:	Ms. I Shireesha, Assistant Professor, MBA

COURSE OBJECTIVES (COs);

The course should enable the students to:

I	Apply the key terms, definitions, and concepts used in integrated marketing communications and critically evaluate the communications effects and results of an IMC campaign to determine its success.
II	Conduct and evaluate marketing research and apply these findings to develop competitive and positioning strategies and to select the target audience for the IMC campaign plan
III	Develop an integrated cross-media strategy and creative message and concept to reach the target audience and deliver the brand promise through an IMC campaign
IV	Structure an integrated marketing communications campaign plan based on the application of marketing concepts, principles, and practices within an organization

COURSE LEARNING OUTCOMES (CLOs):

Students, who complete the course, will have demonstrated the ability to do the following:

CCMB419.01	Apply an oral and written integrated marketing communications plan, based on primary and secondary research
CCMB419.02	Understand a substantive assessment of corporate strengths, weaknesses, opportunities and threats (SWOT analysis) and create a substantive research plan for one's project
CCMB419.03	Construct IMC creative strategies and tactics, including digital & social media executions, advertising, promotions, and public relations initiatives.
CCMB419.04	Evaluate creative strategies in the light of given marketing objectives and strategies.
CCMB419.05	Explain the behavioral factors that influence the effectiveness of communications.
CCMB419.06	Provide an understanding of integrated marketing communications (IMC) and its influences on other marketing functions and other promotional activities.
CCMB419.07	Introduction to the principle and basic concept of marketing communication process in a streamlined integrated marketing strategy
CCMB419.08	Demonstrate a comprehensive understanding of Marketing Communications theories and concepts
CCMB419.09	Know integrated marketing communication, which we explore using general theories and on which we reflect both normatively and positively
CCMB419.10	Understand the nature and significance of integrated marketing communications as human

	activities.
CCMB419.11	Analyze and evaluate the fast-changing field of advertising and promotion which affects global marketing, society and economy.
CCMB419.12	Explain how to design and execute marketing research studies using qualitative and quantitative approaches.
CCMB419.13	Develop analytical, problem solving, planning, communication, interpersonal and creative skills in integrated marketing communication
CCMB419.14	Develop an integrated cross-media strategy and creative message and concept to reach the target audience and deliver the brand promise through an IMC campaign.
CCMB419.15	Understand the working of media institutions and actors, media production process and media governance and regulatory structures
CCMB419.16	Demonstrate the ability to develop interpersonal skills relevant to security valuation and portfolio management
CCMB419.17	Acquire the knowledge and develop capability to build brand identity and brand relationship, and create brand equity through brand synergy.

TUTORIAL QUESTION BANK

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)
UNIT-I			
INVESTMENT DECISIONS UNDER RIDK			
PART-A (SHORT ANSWER QUESTIONS)			
1	Define investment. What do you mean by capital budgeting in investment analysis?	Remember	CCMB419.01
2	Define risk in investment. Discuss the capital budgeting under risk and uncertainty?	Understand	CCMB419.01
3	State the importance of decision making under certainty in choosing best course of action from the available course of action?	Understand	CCMB419.01
4	What is uncertainty? Explain the model of decision making under risk in investment analysis..	Remember	CCMB419.01
5	Explain the model of decision making under uncertainty in choosing best course of action from the available course of action.	Understand	CCMB419.01
6	What is risk? State the various sources and perspectives of risk in a project?	Remember	CCMB419.01
7	What is risk adjusted rate of return as tool for risk analysis in investment decisions?	Understand	CCMB419.01
8	State the approach takes into account the risk factor in making estimations and appraisal of capital investments?	Remember	CCMB419.01
9	How do you analyze the risk in investment decisions by using probability distribution of cash flows?	Understand	CCMB419.01
10	Explain the importance of decision tree approach which represents problems in a series of decisions to be made under conditions of uncertainty.	Remember	CCMB419.01
11	Discuss the sensitivity analysis which helps to migrate the impact of influences depending on severity of risk?	Understand	CCMB419.01

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)																													
12	What is simulation? Explain the various types of simulation in investment analysis?	Remember	CCMB419.01																													
13	Discuss the steps involved in the process of simulation by Monte- Carlo simulation?	Understand	CCMB419.01																													
14	Write the importance of capital rationing in selecting the projects that maximizes the firm value?	Remember	CCMB419.01																													
15	Define capital rationing. Write about advantages and disadvantages of capital rationing?	Remember	CCMB419.01																													
16	What is the difference between capital rationing and portfolio in investment analysis?	Understand	CCMB419.01																													
17	Define portfolio risk. Discuss about Markowitz portfolio theory for measurement of risk?	Remember	CCMB419.01																													
18	What is capital rationing? Discuss about hard capital rationing and reasons for soft capital rationing?	Understand	CCMB419.01																													
19	Define soft capital rationing. Give the reasons for hard capital rationing in investment analysis?	Remember	CCMB419.01																													
20	State the use of Monte- Carlo approach to simulation in investment analysis?	Remember	CCMB419.01																													
PART-B (LONG ANSWER QUESTIONS)																																
1	Discuss the various decision making models based on the information about the state of nature and the decision environment in detail?	Understand	CCMB419.01																													
2	Define RADR in analysis of risk in investment decision. Explain advantages and disadvantages of risk adjusted rate of return?	Remember	CCMB419.01																													
3	Discuss about certainty equivalents approach which takes into account the risk factor in making estimations and appraisal of capital investment decisions?	Understand	CCMB419.01																													
4	Two mutually exclusive investment proposals are considered with cost of capital of 12% suggest the selection of the project from the following data under probability distribution approach. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Cost/ Year</th> <th colspan="2">Project M Rs. 5000</th> <th colspan="2">Project N Rs. 5000</th> </tr> <tr> <th>Rs</th> <th>Probability</th> <th>Rs</th> <th>Probability</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>3000</td> <td>0.3</td> <td>6000</td> <td>0.3</td> </tr> <tr> <td>2</td> <td>5000</td> <td>0.5</td> <td>7000</td> <td>0.5</td> </tr> <tr> <td>3</td> <td>7000</td> <td>0.3</td> <td>4000</td> <td>0.3</td> </tr> <tr> <td>4</td> <td>10000</td> <td>0.2</td> <td>5000</td> <td>0.2</td> </tr> </tbody> </table>	Cost/ Year	Project M Rs. 5000		Project N Rs. 5000		Rs	Probability	Rs	Probability	1	3000	0.3	6000	0.3	2	5000	0.5	7000	0.5	3	7000	0.3	4000	0.3	4	10000	0.2	5000	0.2	Remember	CCMB419.01
Cost/ Year	Project M Rs. 5000		Project N Rs. 5000																													
	Rs	Probability	Rs	Probability																												
1	3000	0.3	6000	0.3																												
2	5000	0.5	7000	0.5																												
3	7000	0.3	4000	0.3																												
4	10000	0.2	5000	0.2																												
5	Briefly explain decision tree approach which represents problems in a series of decisions to be made under conditions of uncertainty.	Understand	CCMB419.01																													
6	From the following data calculate the sensitivity of the a) Project cost, b) Annual cash flow, c) Cost of capital. Which is the most sensitive? Project cost Rs.1200, Annual cash flow Rs. 4500, Life of the project 4 years, Cost of capital is 14%. The annuity factor at 14% for 4 years is 2.9137 and at 18% for 4 years is 2.6667.	Remember	CCMB419.01																													
7	Define simulation. Discuss in detail about Monte Carlo approach to simulation in investment decisions under risk and uncertainty?	Understand	CCMB419.01																													

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)																					
8	What is capital rationing? Discuss the types, advantages and disadvantages in capital rationing in investment decisions?	Understand	CCMB419.01																					
9	How do you measure portfolio risk and Portfolio return under Markowitz portfolio theory in investment decisions?	Remember	CCMB419.01																					
10	Define capital rationing. How can you distinguish capital rationing from portfolio in investment decisions?	Understand	CCMB419.01																					
PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)																								
1	A company is considering a project with initial investment of Rs.100000. expected cash inflows of 70000, 60000, and 45000 for three years. The cost of capital is 10%. Due to uncertainty of future cash flows, the management decides to reduce the cash inflows to certainty equivalents by taking only 80%, 70% and 60% respectively. Is it worthwhile take up the project?	Remember	CCMB419.01																					
2	<p>A Ltd company has Rs1200000 is allocate for the purpose of capital budgeting. The following proposals and ascertained profitability indexes are as follows,</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Project</th> <th>Amount (Rs)</th> <th>PI</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>340000</td> <td>1.32</td> </tr> <tr> <td>2</td> <td>120000</td> <td>0.85</td> </tr> <tr> <td>3</td> <td>450000</td> <td>1.30</td> </tr> <tr> <td>4</td> <td>500000</td> <td>1.20</td> </tr> <tr> <td>5</td> <td>250000</td> <td>1.30</td> </tr> <tr> <td>6</td> <td>600000</td> <td>1.07</td> </tr> </tbody> </table> <p>Suggest which investment should be preferred. Assume that projects are indivisible and these is no alternative use of the money allocated for capital budgeting?</p>	Project	Amount (Rs)	PI	1	340000	1.32	2	120000	0.85	3	450000	1.30	4	500000	1.20	5	250000	1.30	6	600000	1.07	Understand	CCMB419.01
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6	600000	1.07																						
3	<p>A company considers purchase of a new investment for which two alternatives investments are available (X and Y) each costing 100000. Cash flows are as follows</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Cash Inflows</th> </tr> <tr> <th>Investment X</th> <th>Investment Y</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>50000</td> <td>45000</td> </tr> <tr> <td>2</td> <td>45000</td> <td>25000</td> </tr> <tr> <td>3</td> <td>35000</td> <td>20000</td> </tr> <tr> <td>4</td> <td>25000</td> <td>40000</td> </tr> </tbody> </table> <p>The company has a target return on capital 12%. Risk premium rates are 4% and 10% respectively for investments X and Y. Suggest which investment should be preferred?</p>	Year	Cash Inflows		Investment X	Investment Y	1	50000	45000	2	45000	25000	3	35000	20000	4	25000	40000	Remember	CCMB419.01				
Year	Cash Inflows																							
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2	45000	25000																						
3	35000	20000																						
4	25000	40000																						

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)
4	A manufacturer makes a product of which the principle ingredient is a chemical X. At the moment the manufacturer spends Rs.1000 per year on supply of X, but there is a possibility that the price may soon increase to four times its present figure because of worldwide shortage of the chemical. There is another chemical Y which the manufacturer could use in conjunction with a third chemical Z in order to give the same effect as chemical X. Chemicals Y and Z would together cost the manufacturer Rs.3000 per year, but their prices are unlikely to rise what action should the manufacturer take? Apply the maximin and minimax criteria for decision making and give two sets of solutions. If the coefficient of optimism is 0.4, find the course of action that Minimizes the cost.	Understand	CCMB419.01
UNIT-II			
TYPES OF INVESTMENTS AND DISINVESTMENTS			
PART-A(SHORT ANSWER QUESTIONS)			
1	What is investment decision? Discuss the various types of investments in a business?	Remember	CCMB419.06
2	What is investment? state the different types of investment companies by the investment companies act,1940?	Understand	CCMB419.06
3	How can you differentiate closed ended investment companies from open end investment companies?	Remember	CCMB419.05
4	Define mutual funds in investment decision? Explain the role of mutual funds as a financial intermediary?	Remember	CCMB419.02
5	Briefly explain the importance of mutual funds in a diversified portfolio of securities?	Understand	CCMB419.06
6	What is capital budgeting? Write the steps involved in the process of investment?	Remember	CCMB419.04
7	Define disinvestment. Give the reasons for disinvestment in capital budgeting?	Understand	CCMB419.04
8	Explain the objectives of disinvestment policy of the government in public sector companies.	Understand	CCMB419.06
9	State the rules and procedure for carrying out the disinvestment as per government of India?	Remember	CCMB419.03
10	Discuss various methods adopted by the Government of India for disinvesting the public sector undertakings?	Understand	CCMB419.05
11	State the importance of abandonment analysis in updating the capital budgeting decision?	Understand	CCMB419.03
12	Explain various relations among PVCF, SV, DV in divestment of the project in disinvestment.	Remember	CCMB419.03
13	Define Internal Rate Of Return. Discuss the reasons for increase in the importance of Internal Rate Of Return in the firms?	Remember	CCMB419.03

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)										
14	Briefly explain about multiple Internal Rate Of Return (MIRR) in capital budgeting decisions?	Understand	CCMB419.03										
15	State the need of Modified Internal Rate Of Return as a financial measure in ranking alternative investments of equal size?	Remember	CCMB419.03										
16	What is simple investment? Give one example for simple investment?	Understand	CCMB419.03										
17	What is the difference between pure investment and mixed investment in investment analysis?	Remember	CCMB419.03										
18	Explain Lorie and Savage applied linear programming model for resolving capital rationing problem.	Remember	CCMB419.03										
19	Discuss advantages and disadvantages of Adjusted Net Present Value in capital budgeting?	Understand	CCMB419.03										
20	Explain the factors influencing capital expenditure decisions in capital budgeting decisions.	Remember	CCMB419.03										
PART-B (LONG ANSWER QUESTIONS)													
1	Define disinvestment. What are the types of investments in capital budgeting decision?	Remember	CCMB419.06										
2	Discuss any two methods for calculation of mutual funds returns in detail?	Remember	CCMB419.06										
3	What is investment decision? Explain the steps involved in the process of capital budgeting in detail.	Understand	CCMB419.05										
4	Define disinvestment. State the three methods adopted by Government of India for disinvesting the public sector undertakings?	Understand	CCMB419.06										
5	Define project abandonment analysis. Discuss in detail about the information necessary to take capital budgeting decisions as divestment value?	Remember	CCMB419.06										
6	Briefly explain about Lorie and Savage Paradox linear programming model for resolving capital rationing problem?	Understand	CCMB419.06										
7	Discuss the differences in detail among Internal Rate Of Return, Modified Internal Rate Of Return and Multiple Internal Rate Of Return	Remember	CCMB419.02										
8	Explain the differences among simple investment, pure investment and mixed investment with a example.	Understand	CCMB419.04										
9	Define Net Present Value In Capital Budgeting Decisions. Explain About Adjusted Net Present Value in evaluation of the projects.	Remember	CCMB419.04										
10	Calculate Modified Internal Rate Of Return at the rate of 12%, if the cash inflows are as follows and cash outflow is Rs.1000 <table border="1" style="margin-left: 20px;"> <tr> <td>Year</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td>Cash inflows</td> <td>100</td> <td>300</td> <td>400</td> <td>700</td> </tr> </table>	Year	1	2	3	4	Cash inflows	100	300	400	700	Remember	CCMB419.06
Year	1	2	3	4									
Cash inflows	100	300	400	700									
PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)													

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)														
1	<p>A company had setup a project 4 years ago. The project has a remaining life of 6 years. The salvage value of the project if terminated immediately is Rs.120 million. A third party has offered to buy the project for Rs.175 million. The discount rate is 12%. What should that company do , if the cash flow as follows</p> <table border="1"> <thead> <tr> <th>Year</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> </tr> </thead> <tbody> <tr> <td>Cash flow forecast(Million)</td> <td>30</td> <td>35</td> <td>45</td> <td>50</td> <td>30</td> <td>25</td> </tr> </tbody> </table>	Year	1	2	3	4	5	6	Cash flow forecast(Million)	30	35	45	50	30	25	Understand	CCMB419.04
Year	1	2	3	4	5	6											
Cash flow forecast(Million)	30	35	45	50	30	25											
2	Machine X has cost of Rs.80000 and net cash flows are Rs.25000 per year for six years. A substitute equipment Y would cost Rs.50000 and can generate net cash flows of Rs.14000 per year for 6 years. The required rate of return of both equipments is 11%. Calculate the IRR and NPV for each equipment. Which equipment should buy and Why?	Remember	CCMB419.06														
3	The following are the expected future cash flows of project Z. the nominal cost of capital is 12% and inflation rate is 4.72%. if Taxation is ignored, advise the company whether project should be accepted i) No inflation ii) with inflation	Understand	CCMB419.04														
4		Understand	CCMB419.04														
UNIT-III																	
CRITICAL ANALYSIS OF APPRAISAL TECHNIQUES																	
PART-A(SHORT ANSWER QUESTIONS)																	
1	Define capital budgeting. Write the principles of capital budgeting as strategic asset allocation?	Remember	CCMB419.08														
2	Explain why capital budgeting is called as strategic asset allocation.	Remember	CCMB419.08														
3	State the importance of capital budgeting in investment decisions?	Understand	CCMB419.08														
4	Discuss the various types of capital budgeting proposals in critical appraisal techniques?	Understand	CCMB419.08														
5	Give some of the reasons for importance of capital budgeting decisions?	Remember	CCMB419.08														
6	Write the different types of capital budgeting techniques with a neat diagram?	Understand	CCMB419.08														
7	Write the advantages and disadvantages payback period in capital budgeting decisions?	Remember	CCMB419.08														
8	What is discounted payback period? Write the formulas for calculating discounted payback period?	Remember	CCMB419.08														
9	What do you mean by post pay back method in capital budgeting techniques?	Understand	CCMB419.08														
10	Why Bail out pay back method is improved method over payback method in capital budgeting techniques?	Remember	CCMB419.08														
11	How do you identify the time value of money through Return on investment technique in capital budgeting techniques?	Understand	CCMB419.08														

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)
12	Define constraints in capital budgeting. Write about single period constraints?	Remember	CCMB419.08
13	State the reasons for simulation analysis serves as a tool to maximize NPV and returns capital budgeting?	Understand	CCMB419.08
14	Write a note on independent cash flows according to Hiller approaches?	Remember	CCMB419.08
15	Explain the mixed condition in the Hiller standard deviation of Net present value.	Remember	CCMB419.08
16	What the use of information in project selection in capital budgeting decision?	Understand	CCMB419.08
17	Discuss the multi period capital constraints in investment decision making?	Remember	CCMB419.08
18	Explain how Terminal value is an advanced technique of evaluating investment proposals.	Remember	CCMB419.08
19	What is Equivalent annual cost as a method of time adjusted method in capital budgeting techniques	Understand	CCMB419.08
20	Write the advantages and disadvantages of Internal rate of return in capital budgeting techniques?	Remember	CCMB419.08
PART-B(LONG ANSWER QUESTIONS)			
1	Define capital budgeting. Explain the principles and importance of capital budgeting in investment decisions.	Remember	CCMB419.08
2	Define non discounted cash flow techniques in capital budgeting. Discuss any two methods of traditional methods in capital budgeting?	Understand	CCMB419.08
3	What do you mean by DCF in capital budgeting? State the advantages and disadvantages of Net present value method?	Remember	CCMB419.08
4	What is payback period in traditional methods of capital budgeting? What is the difference between post payback and payback period methods?	Remember	CCMB419.08
5	What is bail out pay back method? Discuss the differences between bailout payback period method and discounted payback method?	Understand	CCMB419.08
6	What return on investment in capital budgeting techniques? Write the advantages and disadvantages of Internal rate of return?	Understand	CCMB419.08
7	State the importance of profitability index technique for simple and divisible projects with single period capital constraints?	Understand	CCMB419.08
8	Briefly explain the significance of information and data bank in project selections during implementation of the project?	Understand	CCMB419.08
9	Explain the various steps involved in Hertz Simulation procedure with a neat diagram.	Remember	CCMB419.08
10	Discuss the 3 different cases of Hiller expected Net present Value and standard deviation of Net present Value?	Remember	CCMB419.08

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)																								
PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)																											
1	Calculate discounted payback period, if the cost of capital is 12% and expected cash flows of a project are as follows <table border="1" style="margin-left: 20px;"> <tr> <td>Year</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>Cash flow</td> <td>-100000</td> <td>20000</td> <td>30000</td> <td>40000</td> <td>50000</td> <td>30000</td> </tr> </table>	Year	0	1	2	3	4	5	Cash flow	-100000	20000	30000	40000	50000	30000	Remember	CCMB419.08										
Year	0	1	2	3	4	5																					
Cash flow	-100000	20000	30000	40000	50000	30000																					
A	A company is considering 2 projects X, Y. following are the particulars of these <table border="1" style="margin-left: 20px;"> <tr> <td></td> <td>X</td> <td>Y</td> </tr> <tr> <td>Cost Rs</td> <td>300000</td> <td>375000</td> </tr> <tr> <td>Expected in life in Years</td> <td>12</td> <td>12</td> </tr> <tr> <td>Scrap value Rs</td> <td>20000</td> <td>30000</td> </tr> <tr> <td>Annual savings</td> <td>42000</td> <td>60000</td> </tr> </table> <p>Suggest best of these projects i) using payback period ii) post payback period</p>		X	Y	Cost Rs	300000	375000	Expected in life in Years	12	12	Scrap value Rs	20000	30000	Annual savings	42000	60000	Understand	CCMB419.08									
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Cost Rs	300000	375000																									
Expected in life in Years	12	12																									
Scrap value Rs	20000	30000																									
Annual savings	42000	60000																									
3	From the following data ascertain which project is more risky on the basis of standard deviation. <table border="1" style="margin-left: 20px;"> <thead> <tr> <th colspan="2">Project A</th> <th colspan="2">Project B</th> </tr> <tr> <th>Cash flow Rs</th> <th>Probability</th> <th>Cash flow Rs</th> <th>Probability</th> </tr> </thead> <tbody> <tr> <td>2000</td> <td>0.2</td> <td>2000</td> <td>0.1</td> </tr> <tr> <td>4000</td> <td>0.3</td> <td>4000</td> <td>0.4</td> </tr> <tr> <td>6000</td> <td>0.3</td> <td>6000</td> <td>0.4</td> </tr> <tr> <td>8000</td> <td>0.2</td> <td>8000</td> <td>0.1</td> </tr> </tbody> </table>	Project A		Project B		Cash flow Rs	Probability	Cash flow Rs	Probability	2000	0.2	2000	0.1	4000	0.3	4000	0.4	6000	0.3	6000	0.4	8000	0.2	8000	0.1	Remember	CCMB419.08
Project A		Project B																									
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8000	0.2	8000	0.1																								
4	A project involves initial investment of Rs 25000, life of the project is 4 years and cash flows are 12000 for 4 years. Cost of the capital is 12%. Expected cash flows will be reinvested at the end of the year <table border="1" style="margin-left: 20px;"> <tr> <td>Year</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td>%</td> <td>5</td> <td>5</td> <td>10</td> <td>10</td> </tr> </table> <p>You are required to analyze the feasibility of the project using terminal value method</p>	Year	1	2	3	4	%	5	5	10	10	Understand	CCMB419.08														
Year	1	2	3	4																							
%	5	5	10	10																							
UNIT-IV																											
STRATEGIC ANALYSIS OF SELECTED INVESTMENT DECISIONS																											
PART-A (SHORT ANSWER QUESTIONS)																											
1	Define lease financing as a source of financing capital assets?	Remember	CCMB419.11																								
2	Discuss the steps involved in lease versus borrow to buy decision which focuses on equalizing financial risk?	Understand	CCMB419.11																								
3	Discuss the essential elements of leasing in detail?	Remember	CCMB419.11																								
4	What are the differences between financial lease and operating lease in lease financing?	Understand	CCMB419.11																								
5	Give various types of lease in lease financing?	Understand	CCMB419.11																								
6	What are the steps involved in the process of leasing?	Remember	CCMB419.09																								
7	Write about the factors that have been responsible for the growth of Indian leasing?	Understand	CCMB419.09																								
8	Explain the characteristics of lease financing contract.	Remember	CCMB419.09																								
9	Discuss the different factors that affect the leasing or buying decisions?	Understand	CCMB419.09																								
10	State the features and characteristics of hire purchase in which hirer can purchase the asset later?	Remember	CCMB419.09																								

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)
11	What are the essential ingredients of a contract of a sale in Legal framework for hire purchasing	Remember	CCMB419.09
12	What are the disadvantages to buyer in hire purchase system?	Understand	CCMB419.09
13	What is sales tax in hire purchase system? State some of the aspects of sales tax in hire purchase system?	Remember	CCMB419.09
14	Write the differences between hire purchase and installment sale in investment decisions?	Understand	CCMB419.09
15	Explain various factors considered in lease or hire purchase contract?	Understand	CCMB419.09
16	Write the differences between lease finance and installment sale in investment decisions?	Remember	CCMB419.09
17	Define risk. Write a note on risk in leasing contract?	Understand	CCMB419.09
18	Write a short note on Cross border leasing?	Remember	CCMB419.09
19	What is flat interest rate and effective interest rate in hire purchase?	Understand	CCMB419.09
20	What are the different unconventional promotional media used in the integrated marketing communication?	Understand	CCMB419.09
PART-B (LONG ANSWER QUESTIONS)			
1	Define lease financing. Discuss in detail about the broad classification of leasing in strategic investment decisions?	Understand	CCMB419.09
2	Write characteristics of leasing and steps involved in the process of lease financing?	Remember	CCMB419.11
3	Write the differences between borrowing and procuring? Discuss the factors affecting the decisions of leasing or buying?	Understand	CCMB419.13
4	Define hire purchase. Write the features and characteristics of hire purchase transaction?	Remember	CCMB419.09
5	Discuss the various forms of income tax benefits to both hire vendor and the hire purchaser in hire purchase as a financing alternative	Understand	CCMB419.10
6	State the advantages to Hire purchaser, seller, and to society in hire purchase system?	Understand	CCMB419.09
7	Explain the need of considering only after tax present value of the two alternatives in evaluation of lease or buy decisions.	Remember	CCMB419.09
8	Comment on “financial evaluation of lease- Break even lease rental (BELR)” in leasing as a financing decision	Remember	CCMB419.13
9	Explain in detail about risks associated with lease financing.	Remember	CCMB419.11
10	Write the advantages of leasing as investment decisions?	Understand	CCMB419.11
PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)			
1	A ltd company can purchase an asset for Rs.2500. the asset has a salvage value of Rs.500 at the end of its life of 5 years. The firm charges depreciation on straight line method. If the asset is purchased the firms revenues will increase by Rs.1500 per year and will raise its operating	Remember	CCMB419.09

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)
	expenses and interest by Rs700 per year. The company is taxed at 50% and has a cost of capital of 10% Alternatively the firm can lease the asset for an annual rental of Rs.650. the incremental revenue will be the same at Rs.1500 per year and increase in firms expected non depreciation expenses is Rs.600 per year. Evaluate the proposal in Leasing		
2	Compute Effective rate of interest (ERI) from the following information. Cash down payment is 25%, Equated monthly Interest is 18, flat rate of interest is 16.5 Payment of installment in i) Advance ii) Arrear	Remember	CCMB419.09
UNIT-V			
FINANCING DECISIONS			
PART-A(SHORT ANSWER QUESTIONS)			
1	Define merger. How the various ways of mergers can takes place?	Understand	CCMB419.14
2	Discuss the different types of mergers that a company can merge with another company?	Understand	CCMB419.14
3	What are the reasons behind mergers which contribute for economic development of the firm?	Understand	CCMB419.14
4	Explain regulatory framework or legal aspects of mergers.	Remember	CCMB419.14
5	Write about any two efficiency theories that believe that mergers and some other forms of asset reinstatement have the ability that leads to social benefits?	Remember	CCMB419.14
6	Explain any two methods used in mergers and acquisition valuations.	Understand	CCMB419.14
7	Discuss the various financial benefits of mergers that a company can merge with another company?	Remember	CCMB419.14
8	Define acquisitions. Write the some of the features of acquisitions?	Understand	CCMB419.14
9	Write a note on i. Horizontal acquisitions ii. Vertical acquisitions	Understand	CCMB419.15
10	Discuss some of the economic rationale for mergers and acquisitions?	Remember	CCMB419.15
11	Write the differences between mergers and acquisitions that a company can merge with another company?	Remember	CCMB419.15
12	Briefly explain about takeovers in financing decisions?	Understand	CCMB419.15
13	Explain the government guidelines for takeovers in financing decisions.	Understand	CCMB419.15
14	Discuss the strategies adopted by acquiring firm in order to take over the target firm?	Remember	CCMB419.15
15	Explain some of the anti takeover strategies that are adopted by target companies in order to repel against offerer.	Understand	CCMB419.15
16	State some regulations of mergers and takeovers in India?	Remember	CCMB419.15

S. No	QUESTION	Blooms Taxonomy Level	Course Learning Outcome (CLOs)																		
17	Discuss the summary of legal procedures for merger or acquisition laid down in the companies act, 1956?	Understand	CCMB419.15																		
18	Define diversification. Write a note on i. Concentric diversification ii. Conglomerate diversification	Remember	CCMB419.15																		
PART-B(LONG ANSWER QUESTIONS)																					
1	Define mergers. Discuss the various types of mergers in which a company can merge with another company?	Remember	CCMB419.14																		
2	How do you evaluate the returns and cash flows of mergers through an appropriate financial assessment?	Remember	CCMB419.14																		
3	What do you mean by efficiency theories? Discuss the efficiency theories that have been combined with mergers in detail?	Understand	CCMB419.14																		
4	State the different methods used in mergers and acquisition valuations in detail?	Apply	CCMB419.14																		
5	Define acquisitions. Discuss the various types of acquisition strategies in financing decisions?	Remember	CCMB419.14																		
6	Define takeovers. Write about the takeover strategies and anti takeover strategies in detail?	Understand	CCMB419.14																		
7	Explain the Security Exchange Board of India (SEBI) guideline for takeovers in India.	Understand	CCMB419.15																		
8	Define diversification. Discuss the types of diversification based on the applied criteria?	Remember	CCMB419.15																		
9	What are the legal procedures laid down in the company's act, 1956 for merger or acquisition in India?	Understand	CCMB419.15																		
10	What is the difference between mergers and acquisitions that a company can amalgamate with other?	Remember	CCMB419.14																		
PART-C (PROBLEM SOLVING AND CRITICAL THINKING QUESTIONS)																					
1.	<p>XYZ company is acquiring PQR company. XYZ will pay 0.5 of its shares to the shareholders of PQR for each share held by them. The data for the two companies are as follows</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>XYZ</th> <th>PQR</th> </tr> </thead> <tbody> <tr> <td>Profits after tax (in Lakhs)</td> <td>150</td> <td>30</td> </tr> <tr> <td>No of shares (in Lakhs)</td> <td>25</td> <td>8</td> </tr> <tr> <td>Earnings per share (in Lakhs)</td> <td>6</td> <td>3.75</td> </tr> <tr> <td>Market price of share (in Lakhs)</td> <td>78</td> <td>33.75</td> </tr> <tr> <td>Price earnings ratio</td> <td>13</td> <td>9</td> </tr> </tbody> </table> <p>Calculate the earnings per share of the surviving firm after merger. If the price earnings ratio falls to 12 after merger. What is the premium received by the shareholders of PQR (using the surviving firm's new price)? Is the merger beneficial for XYZ shareholders?</p>		XYZ	PQR	Profits after tax (in Lakhs)	150	30	No of shares (in Lakhs)	25	8	Earnings per share (in Lakhs)	6	3.75	Market price of share (in Lakhs)	78	33.75	Price earnings ratio	13	9	Remember	CCMB419.14
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2	<p>Ding company intends to take over dong ltd company by offering 2 of its shares for every 5 shares In Dong. relevant financial data are as follows</p> <table border="1" data-bbox="277 352 1073 579"> <thead> <tr> <th></th> <th>Ding</th> <th>dong</th> </tr> </thead> <tbody> <tr> <td>Earnings per share</td> <td>2</td> <td>2</td> </tr> <tr> <td>Market price per share</td> <td>100</td> <td>40</td> </tr> <tr> <td>Price earnings ratio</td> <td>50</td> <td>20</td> </tr> <tr> <td>Number of shares</td> <td>100</td> <td>250</td> </tr> <tr> <td>Profit after tax</td> <td>200</td> <td>500</td> </tr> <tr> <td>Total market value</td> <td>10,000</td> <td>10,000</td> </tr> </tbody> </table> <p>What is the combined earnings per share? Calculate the P/E ratio of the combined firm. Has any wealth been created for shareholders?</p>		Ding	dong	Earnings per share	2	2	Market price per share	100	40	Price earnings ratio	50	20	Number of shares	100	250	Profit after tax	200	500	Total market value	10,000	10,000	Understand	CCMB419.15
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HOD, MBA

