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MGT-402 Financial Management

<u>54 MCQs and 5 Subjective Questions</u>

1. Mergers are beneficial or harmful? **3**
2. EBIT of a firm is Rs. 200 and corporate tax rate, Tc is 30 %. If the firm is 100% Equity and rE is 20%. Then calculate WACC.
   5
3. Find the beta on a stock given that its expected return is 16% risk free rate is 4%, expected return on Market Portfolio is 12%.
   5
4. Risk free Rate is 15% and expected Market Return is 20%. FM Corporation has a bet of 1.9 and Gold Corporation has beta of 1.5. Find Expected Return on FM Corporation and Gold Corporation.
   10
5. EBIT of a firm is Rs. 100, Corporate Tax is 35%
   - Equity is 100% and rE is 20%
   - Debt is 100% and Interest is 10%

   Find WACC. **10**

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53 Qs in total

Mcqs were new only 5 10 were from past papers. (well me hvn't done all past papers so cant be sure about past papers. You people guess urself by looking at these long Qs)

48 mcqs

49 Explain stock repurchases and how dey yield Capital gain? 3

50 Why leases are called collateral loans? Explain? 3

51 What is long term financing n wat factors effect manager's decision it it? 5

52 What is better for a firm to hold current assets for a long period or for a short period? Describ benefits of both? 5

53 Calculate income liability and and total taxable income when income (17.....)before taxes was given. Intrest(2200) and dividends(480000) to be paid were given along with due tax of 20%? 5 I Dont remember figures exactly

Faizan rafaqat
Q1 Define any two Defensive techniques? Marks3
Q2 leverage effect on company? Marks 3

Q3 Long term financing policy and short term finance policy? Marks 5
Q4 Define the capital structure? Marks 5

Break even point?
If sale=10 per unit and VC=5 per unit
Fixed cost=2500

Part B
If VC=6 then break even point?

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