

Mid-West University
Examinations Management Office
Surkhet, Nepal
Chance Examinations-2081
Bachelor of Business Studies (BBS)
Semester - VIII

Subject: Corporate Finance

Full Marks: 60 Pass Marks: 30

Course Code: FIN 485

Time: 3:00 Hours

You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.

SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)

Answer **ALL** the questions.

1. Why corporate social responsibility is important for business?
2. Write the meaning of loan amortization schedule.
3. Mention the various types of lease financing.
4. Write the main advantages of bonds.
5. A Company's common stock is priced at Rs 345 a share on the market. Notice is given that stockholders can purchase one new share at a price Rs 145 for every four shares held. What is the value of right?
6. Write the meaning of preferred stock.
7. What do you mean by Treasury bond?
8. How is stock dividend different than cash dividend?
9. Write the meaning of indirect quotation of exchange rate.
10. What do you mean by purchasing power parity?

SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)

Answer any **THREE** questions.

11. Define corporate finance. Explain the responsibility of financial manager. [3+5]
12. Differentiate between common stock and preferred stock. [8]
13. As one of the minority shareholders of the Sarbottam Cement Company Limited, Mrs. Lamichane is dissatisfied with the current operations of the company. Mrs. Lamichane that if she could gain membership on the company's board of directors, she could make necessary improvements. The problem is that current management controls 75 percent of the stock. She controls only 9 percent, and the balance is held by other minority shareholders. There are total 400,000 voting shares. Ten directors will be elected at the next annual stockholder meeting.
 - i) If voting is non-cumulative, can Mrs. Lamichane elect herself as a director?
 - ii) Suppose Mrs. Lamichane is able to convince all minority shareholders that she should be elected. If voting is non-cumulative, can they elect her?
 - iii) If voting is cumulative, can Mrs. Lamichane elect her as a director?
 - iv) What percent of the minority shares other than her own will he needs to have voted for her to be certain of election?
14. Mr. Shital total assets consist of 870 shares of Salt Trading Company Limited and Rs 255,000 in cash. Salt Trading Company Limited now offers shareholders one additional share at a price of Rs 250 for each 9 shares held. The current market price of the stock is Rs 1500.