GALGOTIAS UNIVERSITY

ADMISSION NUMBER

School of Finance and Commerce

Master of Business Administration in Financial Management
Semester End Examination - Aug 2024

Duration : 180 Minutes
Max Marks : 100

Sem III - MBAF0902 - Financial Modeling Using Excel

General Instructions
Answer to the specific question asked
Draw neat, labelled diagrams wherever necessary
Approved data hand books are allowed subject to verification by the Invigilator

1)	What is financial modeling?	K1(2)
2)	Explain goal seek function in financial modeling?	K2(4)
3)	Explain how financial models be used to value a company?	K2(6)
4)	How can changes in working capital impact FCFF and FCFE?	K3(9)
5)	If a stock is selling at Rs. 250 with current dividend of Rs. 10. Identify the dividend growth rate of this stock, assuming a required rate of return of 12%.	K3(9)
6)	Estimate how does Excel's NPV (Net Present Value) function support financial modeling?	K5(10)
7)	ABC Corp. has just paid a dividend of 3 per share. You—an experienced analyst—feel quite sure that the growth rate of the company ' s dividends over the next 10 years will be 15% per year. After 10 years you think that the company ' s dividend growth rate will slow to the industry average, which is about 5% per year. If the cost of equity for ABC is 12%, what is the value today of one share of the company?	K4(12)
8)	Suppose we want 100 , 200, 300,400, & 500 thousand ruppess at the end of each year from year 1 to 5. Evaluate how much money we have to deposit rightnow if bank provide 10% interest per annum.	K5(15)
9)	You are considering buying the bonds of a very risky company. A bond with a 100 face value, a 1-year maturity, and a coupon rate of 22% is selling for 95. You consider the probability that the company will actually survive to pay off the bond 80%. With 20% probability, you think that the company will default, in which case you think that you will be able to recover 40. a. Evaluate is the expected return on the bond? b. If the company has cost of equity r E = 25%, tax rate T C = 35%, and 40% of its capital structure is equity, what is its weighted average cost of capital (WACC)?	K5(15)
10)	Consider a company which has ?equity = 1.4 and ?debt = 0.45. Suppose that the risk-free rate of interest is 6.5%, the expected return on the market E (r M) = 15.5%, and that the corporate tax rate is 40%. If the company has 60% equity and 40% debt in its	K6(18)

capital structure, Evaluate its weighted average cost of capital using both the classic CAPM and the tax-adjusted CAPM.