



M.Com. IV Semester Degree Examination, October - 2023

COMMERCE

B. Financial Modeling

(NEP)

Time : 3 Hours

Maximum Marks : 70

Note : Answer **any five** of the following questions with Question No. 1 is **Compulsory**. Each question carries **fourteen** marks.

1. (a) What is Model ? What are the steps in creating model ? 7
(b) Explain errors while building models in spreadsheet. 7
2. Prepare forecasting financial position of Wipro for Mar-24 using suitable assumptions along with working notes. 14

Balance Sheet	Mar-21	Mar-22	Mar-23
Equities and liabilities			
Equity Share Capital	1,095.80	1,096.40	1,097.60
Total Share Capital	1,095.80	1,096.40	1,097.60
Reserves and Surplus	44,145.80	53,254.30	61,101.50
Total Reserves and Surplus	44,145.80	53,254.30	61,101.50
Total Shareholders Funds	45,241.60	54,350.70	62,762.30
Non-current liabilities			
Long Term Borrowings	14.1	5.7	0
Deferred Tax Liabilities (Net)	130.5	0	253.1
Other Long Term Liabilities	2,129.20	2,788.60	3,394.50
Long Term Provisions	88.5	64.1	54.9
Total Non-Current Liabilities	2,362.30	2,858.40	3,702.50
Current Liabilities			
Short Term Borrowings	5,791.20	7,673.40	5,180.70
Trade Payables	4,348.50	4,685.10	5,300.20
Other Current Liabilities	6,705.30	9,446.90	7,003.90
Short Term Provisions	1,287.40	1,368.30	1,358.00
Total Current Liabilities	18,132.40	23,173.70	18,842.80
Total Capital and Liabilities	65,736.30	80,382.80	85,307.60



Assets			
Non-current Assets			
Tangible Assets	6,578.70	7,386.60	8,233.80
Intangible Assets	709.4	651.1	590.9
Capital Work-In-Progress	1,848.00	1,584.50	603.8
Other Assets	0	0	0
Fixed Assets	9,136.10	9,622.20	9,428.50
Non-Current Investments	8,206.70	16,557.20	19,372.80
Deferred Tax Assets (Net)	47.4	53.3	66.8
Long Term Loans and Advances	0	0	0
Other Non-Current Assets	2,966.60	2,377.90	2,461.70
Total Non-Current Assets	20,356.80	28,610.60	31,329.80
Current Assets			
Current Investments	17,495.20	24,073.70	29,712.60
Inventories	91	87.5	91.3
Trade Receivables	8,046.20	9,295.40	13,273.20
Cash and Cash Equivalents	9,783.20	4,898.10	4,527.00
Short Term Loans and Advances	4,201.50	1,913.00	1,232.60
Other Current Assets	5,762.40	11,504.50	5,141.10
Total Current Assets	45,379.50	51,772.20	53,977.80
Total Assets	65,736.30	80,382.80	85,307.60

3. (a) Elaborate the basic issues in financial planning and investment. **7**
- (b) Design model for return with changing reinvestment rate with suitable assumptions, on inputs. **7**
4. (a) Discuss key characteristics of bond. **7**
- (b) Calculate duration, volatility/modified duration of bonds and determine which bond is preferable based on risk from the given data. **7**

Particulars	A-Bond	B-Bond
Rate of Interest	9%	12%
Face Value	Rs.1,000/-	Rs.1,000/-
Current Market Value	Rs.900/-	Rs.1,000/-
YTM	10%	12%
Maturity period	5 Years	5 Years



5. (a) Enumerate methods of valuation of assets. **7**
- (b) A company earned Rs. 6 per Share and paid Rs. 3.48 per share as dividend in the previous year. Its earnings and dividends are expected to grow at 15 percent for six years and then at a rate of 8 percent indefinitely. The capitalization rate is 18 percent. What is equity valuation using Discount Cash Flow Model ? **7**
6. (a) Explain sensitivity and scenario analysis and their differences. **7**
- (b) What are the steps involved in structuring portfolios of Financial Planning and Investment ? **7**
7. (a) Calculate Forward Rates from the following data. **7**
- | Maturity Period | Zero Interest Rate for nth year |
|-----------------|---------------------------------|
| 1 | 5% |
| 2 | 6% |
| 3 | 7% |
| 4 | 8.5% |
| 5 | 10% |
- (b) Consider the following information for the calculation of PE, PS and PB; Current share market price = Rs. 5; Shares outstanding = 100,000; Common equity book value = Rs. 800,000; Earnings = Rs. 50 million and recently reported net sales = Rs.1,200,000. **7**
8. Write a note on :
- (a) FCFF **5**
- (b) Solvency ratios **5**
- (c) Commands for estimating YTM **4**

