MGT501

NVA EDUCATION

Question 1: Differentiate Acidic and Basic Amino Acids.

Question 2: Differentiate between accounting breakeven point and economic break even point.

Answer:

Accounting Break-Even Analysis

In simple terms a company breakeven when TR=TC. It is a no profit no loss situation.The sales break-even point is estimated to be the fixed costs including depreciationdivided by the percentage of sales contribution margin, or the fixed costs includingdepreciation divided by one minus the variable cost to sales ratio:

Break-even Sales = Fixed Costs Including Depreciation / [1 - (Var. Cost / Sales)]
A project that just breaks even in accounting income terms will have a negative NPV.Accounting break-even analysis does not consider the cost of capital invested in theproject.
There is only one Accounting break-even point.
The economic break-even point is the level of sales from a project needed to generate azero NPV .
The sales level that produces an NPV of zero is always higher than the sales level for theaccounting break-even point.
There are two BE points for economists.& the maximum profit is the widest area betweenthat points.
Break-even Sales = [(Fixed Costs Including Depreciation)(1-T) + Annual cost of capital - Depreciation] / [(1-T) {1 - (Var. Cost / Sales)}]

Question 3: Differentiate between the single period capital rationing and multi-period capital rationing.

Answer:

Single period capital rationing

It is a situation where the company has limited amounts of funds in one investment period only. After that period, the company can access funds from various sources, e.g. issuing shares, borrowing from banks or issuing bonds.

Multi-period capital rationing

It occurs where the company has limited amounts of funds for a longer duration of time. The capital constraints extend beyond one investment period. If we assume that it's possible to undertake fractional projects then the problem can be formulated using linear programming. If the projects are indivisible, however, then integer programming should be used.

Question 4: Find beta equity

Question 5: Find profitability index

Question 6: How fundamental analysis can help investor in buying decion.

Question 7: How stable dividend policy could increase the marketability of a firm's shares?

Question 8: In the year ending January 2008, Wal-Mart paid out Rs.1,326 million as debt interest. How much more tax would Wal-Mart have paid if the firm had been entirely financed byequity. What would be the present value of Wal-Mart's interest tax shield if the companyplanned to keep its borrowing permanently at the 2008 level. Assume an interest rate of8% and a corporate tax rate of 35%.