ISQ Examination (Summer-2012)
Project Financing – Associateship

Q. **Given the following data of Merit Corporation, project its balance sheet for the coming year:**

Present sales:	**Rs 500,000**
Next year's sales:	**Rs 800,000**
After-tax profits:	**5% of sales**
Dividend payout ratio:	**40%**
Present retained earnings:	**Rs 200,000**
Cash as a percent of sales:	**4 %**
Accounts receivable as a percent of sales:	**10%**
Inventory as a percent of sales:	**30 %**
Net fixed assets as a percent of sales:	**35 %**
Accounts payable as a percent of sales:	**7 %**
Accruals as a percent of sales:	**15 %**
Next year's common stock:	**Rs 200,000**

Q. **What aspects would a financier cover while conducting financial analysis of a project? Explain FIVE aspects.**

Q. **What are the principal sources of discrepancy between social costs and benefits of a project on one hand and monetary costs and benefits on the other?**

Q. **Discuss the salient features of Preference Capital and its advantages and disadvantages.**

Q. **Banks and Financial Institutions nominate directors on the Boards of companies they finance. Discuss the role of nominee directors, and suggest how it can be made more effective.**

Q. **What qualities and traits are required to be a successful entrepreneur?**

Q. **What are the key considerations in determining the debt/equity ratio of a project?**

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