Roll No. Total No. of Pages : 02

Total No. of Questions : 09

B.Com. (Honours) (Sem.–5)

FINANCIAL MANAGEMENT

Subject Code : BCOM-501-18

M.Code : 78172

Date of Examination : 17-11-2023

Time : 3 Hrs. Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.
2. SECTIONS-B consists of FOUR Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains TWO questions each, carrying TEN marks each.
4. Student has to attempt any ONE question from each Sub-section.

SECTION-A

1. **Write briefly :**

a) What is the need of wealth maximization?

b) What are the sources of long term financing?

c) How gross working capital differs from net working capital ?

d) Discuss in detail internal rate of return

e) Define equity capital.

f) What do you mean by capital structure ?

g) Define pay back method

h) What do you mean by net present value?

i) Define preference shares

j) How capital structures differs from financial structure?

SECTION-B

UNIT -I

2. Define the traditional and modern concept of finance. Discuss in detail the nature and scope of financial management. Comment on the emerging role of financial manager in current scenario of era of globalization.

3. Explain with the help of example how to calculate time value of money?

UNIT-II

4. Explain the position of M-M on the issue of an optimum capital structure , ignoring the corporate income taxes. Use an illustration to show how homemade leverage by an individual investor can replicate same risk and return as provided by the levered firm.

5. What do you mean by the equity shares and preference share? Explain the features of equity shares and preference shares. What are the pros and cons of equity shares from the company's and investor' point of views? What is common between equity shares and preference shares in India?

UNIT-III

6. Define the concept of capital budgeting. Discuss in detail with the help of examples non discounted techniques of budgeting.

7. (a) The earnings per share of a company is Rs 10. It has an internal rate of return of 15 percent and the capitalization rate of its risk class is 12.5 percent. If Walter's model is used : (i) What should be the optimum payout ratio of the firm? (ii) What should be the price of the share at this payout? (iii) How shall price of the share be affected if a different payout were employed?

   (b) What is Modigliani Miller's Irrelevance hypothesis? Critically evaluate it assumption.

UNIT-IV

8. Discuss in detail the objectives of receivable management and inventory management.

9. Define the concept, nature and need of working capital. What factors would you take into consideration in estimating working capital need of a concern? Explain in detail methods of determining working capital.

NOTE : Disclosure of Identity by writing Mobile No. or Marking of passing request on any paper of Answer Sheet will lead to UMC against the Student

Roll No. [ ] Total No. of Pages : 03

Total No. of Questions : 09

B.Com. (Honours) (Sem.–5)

FINANCIAL MANAGEMENT

Subject Code : BCOM-501-18

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Date of Examination : 28-11-2024

Time : 3 Hrs. **Max. Marks : 60**

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.**
2. **SECTIONS-B consists of FOUR Sub-sections : Units-I, II, III & IV.**
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4. **Student has to attempt any ONE question from each Sub-section.**

SECTION-A

1. **Write briefly :**

   a) Time Value of Money

   b) Components of cost of capital

   c) Capital rationing

   d) Capital structure *vs.* financial structure

   e) List out determinants of dividend policy

   f) Discounted Pay back method

   g) Operating leverage

   h) Working capital

   i) Profit maximization

   j) Inventory management

SECTION-B

UNIT-I

2. Discuss in detail function and role of financial manager for success of organization.

3. a) Write a note on components of cost of capital.

   b) Calculate the present value of Rs. 10000 to be received after 5 years from now assuming 7% time preference for money.

UNIT-II

4. a) Write a brief note on financial, operating and combined leverage.

   b) Calculate operating leverage and financial leverage from the following data :

Sales (1,00,000 units)	Rs. 2,00,000
Variable cost per unit	Rs. 0.70
Fixed cost	Rs. 65,000
Interest Charges	Rs. 15,000

5. What do you mean by capital structure? Write a detailed note on theories of capital structure.

UNIT-III

6. Critically evaluate Gordon's Model.

7. The following statements give quantitative considerations relevant for the ranking of Project A and B:

Criteria	Project A	Project B
Investment	400	300
Internal rate of return	Nearly 18%	Nearly 20%
Present value of 6% discount factor	542.7	421.2
Net present value at 6% D.F	142.7	121.2
Net Present value at 12% D.F	60.5	60.5

Project A required an investment of Rs.400 and was expected to have cash inflow of Rs. 110, Rs.120, Rs.130, Rs.140 and Rs.150 over its five years economic life. Project B involved an investment of Rs.300 and was expected to have cash inflows of Rs.100 each over its five years economic life.

Which of the two projects will you select if cost of capital is (i) 10% (ii) 12% and 15%. Give reasons in support of your decision.