PG (Even) Semester Examination, September, 2023

COMMERCE

(2nd Semester)

Course No.: COMCC-201

(Financial Management)

Full Marks: 70

Pass Marks: 28

Time: 3 hours

The figures in the margin indicate full marks for the questions.

Answer any five questions, taking one from each unit.

UNIT-I

1. "Financial management is nothing but managerial decision-making on asset wise, capital wise and profit allocation". Explain. 14

2. Define cost of capital. Discuss its significance. How is cost of debt and equity capital computed. 3+5+6=14

UNIT-II

3. Define capital budgeting. Explain the importance and process of capital budgeting. 3+11=14

4. A firm invested Rs. 1,00,000 in a project. The inflows are as under :

Year	1	2	3	4	5
Inflows :	25,000	30,000	40,000	20,000	20,000

Calculate : (a) Pay back period, (b) Average rate of return, (c) Net present value, (d) Profitability index. 14

Discount factor at 10% are as follows :

Year :	1	2	3	4	5
Discount Factor :	.909	.826	.751	.683	.621

UNIT-III

5. Write note on any two amongst the following : 7x2=14

   (a) Net operating Income Approach

   (b) Trading on Equity

   (c) Traditional Approach of Capital Structure

6. Define capital structure. Explain the factors determining capital structures of a firm. 4+10=14

UNIT-IV

7. Critically explain the Walter model of dividend policy. 14

8. What is mutual fund. Explain the nature and types of mutual fund. 4+10=14

UNIT-V

9. Write notes on any two amongst the following : 7x2=14

   (a) Economic order quantity

   (b) Management of cash

   (c) Management of Inventory

10. Prepare an estimate of working capital requirement from the following information of a firm. 14

(a)	Projected annual sales	50,000 units
(b)	Selling Price	Rs. 8 per unit
(c)	% of net profit on sales	25%
(d)	Average credit allowed to customers	8 weeks
(e)	Average credit allowed by suppliers-	4 weeks
(f)	Average stock holding in terms of sales requirement-	12 weeks
(g)	Allow 10% for contingencies.	

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