TDC Even Semester Exam., 2019

COMMERCE

(Honours)

(4th Semester)

Course No. : BCMH–402

(Financial Management—II)

Full Marks : 50
Pass Marks : 17

Time : 2 hours

The figures in the margin indicate full marks for the questions

Answer **one** question from each Unit

UNIT—I

1. Define working capital management. Why is working capital needed? Briefly explain the factors which determine the working capital. 2+3+5=10

2. The following information has been submitted by a borrower :

(i) Expected level of production 120000 units

(ii) Raw materials to remain in stock on an average of 2 months

(iii) Processing period for each unit of product is 1 month

(iv) Finished goods remain in stock on an average of 3 months

(v) Credit allowed to the customers from the date of despatch, 3 months

(vi) Expected ratios of cost to selling price—

1. raw materials—60%;
2. direct wages—10%;
3. overheads—20%.

(vii) Selling price per unit—₹ 10

(viii) Expected margin on sale—10%

You are required to estimate the working capital requirements of the borrower. 10

UNIT—II

3. Explain the meaning, assumptions and computation of Economic Order Quantity. Distinguish between re-order quantity and re-order level. 6+4=10

4. From the following information, calculate—

(a) Economic Order Quantity;

(b) for EOQ, the number of orders per year;

(c) for EOQ how frequently should order be placed;

(d) for EOQ, Total Ordering Cost;

(e) for EOQ, Total Carrying Cost : 2×5=10

Annual consumption of input—48000 units

Annual carrying cost—12%

Purchase price of input unit—₹ 25

Ordering cost per order—₹ 180

UNIT—III

5. Explain the Gordon's dividend model along with its assumptions and shortcomings. 10

6. There is no basic difference between Walter's dividend model and Gordon's dividend model. Explain. 10

UNIT—IV

7. What do you mean by capital market? Discuss the recent developments in capital market. 3+7=10

8. What is a stock exchange? What are its features? Discuss the role of stock exchange in the economic development of India. 2+3+5=10

UNIT—V

9. What is venture capital? What criterion is generally adopted by the venture capitalist while making investment decisions? Discuss. 4+6=10

10. What do you mean by lease? State any four differences between financial lease and operating lease. Mention any four characteristics of financial lease. 2+4+4=10

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