PG Even Semester (CBCS) Exam., May—2019

COMMERCE

(2nd Semester)

Course No. : COM–201

(Financial Management)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. What is Financial Management? What are the major financial decisions required to be taken in finance? Discuss. 4+10=14

2. Write in detail about profit vs. wealth maximization. 14

UNIT—II

3. What is capital budgeting? Briefly explain the major steps involved in capital budgeting. 4+10=14

4. AUS Ltd. is considering the following investment projects where initial investment of ₹ 2,00,000 is required. The inflows are as under :

Year	*Project*		
	I ₹	*II* ₹	*III* ₹
1	2,00,000	1,50,000	40,000
2	—	1,50,000	80,000
3	—	—	2,40,000

Rank the proposals according to *(a)* payback period, *(b)* net present value and *(c)* profitability index methods. Assume discount factor at 10%. Present value factors at 10% are

1st year—0·909
2nd year—0·826
3rd year—0·751 14

UNIT—III

5. What is capital structure? Describe the factors which determine the capital structure of a firm. 3+11=14

6. Critically explain the Mödigliani-Miller approach of capital structure decision. 14

UNIT—IV

7. Does dividend policy affect the value of a firm under Gordon's model? Explain the reasons in support of your answer. 14

8. Write a brief note on mutual fund. 14

UNIT—V

9. How are the requirements of working capital determined? 14

10. Write notes on any *two* of the following : 7×2=14

(a) Economic order quantity

(b) Various motives of holding cash

(c) ABC analysis

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