Roll No. ☐☐☐☐☐☐☐☐☐☐☐☐ **Total No. of Pages : 02**

Total No. of Questions : 07

B.Com (2011 & Onwards) (Sem.–6)

FINANCIAL MANAGEMENT

Subject Code : BCOP-603

Paper ID : [A2260]

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

INSTRUCTION TO CANDIDATES :

1. **SECTION-A is COMPULSORY consisting of TEN questions carrying TWO marks each.**
2. **SECTION-B contains SIX questions carrying TEN marks each and a student has to attempt any FOUR questions.**

SECTION - A

1. Write briefly :

(a) What do you understand by financial decisions?

(b) What are the limitations of financial planning?

(c) What is trading on equity?

(d) Differentiate capitalization and capital structure.

(e) What is stock dividend?

(f) A project cost Rs. 5,00,000 and yields annually a profit of Rs. 80,000 after depreciation @ 12%p.a but before tax of 50%. Calculate the payback period.

(g) What is cost of capital?

(h) Define probability technique of risk analysis.

(i) Define the term working capital.

(j) What do you mean by receivables?

SECTION - B

2. What is financial management? Explain the goals of financial management.

3. What is financial planning? How will you estimate long term and short term financial needs?

4. Explain the meaning of the term capital structure and discuss the factors affecting capital structure.

5. A simplified income statement of Zenith Ltd. is given below. Calculate its operating leverage, financial leverage and composite leverage.

Income Statement of Zenith Ltd. for the year ended 31st March 2014

	Rs.
Sales	10,50,000
Variable Cost	7,67,000
Fixed Cost	75,000
EBIT	2,08,000
Interest	1,10,000
Taxes (30%)	29,400
Net Income	68,600

6. A firm has the following capital structure and after-tax costs for the different sources of find used :

Sources of Fund	Amount Rs.	Proportion %	After-tax cost %
Debt	15,00,000	25	5
Preference Shares	12,00,000	20	10
Equity Shares	18,00,000	30	12
Retained Earnings	15,00,000	25	11
Total	**60,00,000**	**100**	

Compute weighted average cost of capital.

7. Describe the need and determinants of working capital in business.