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Total No. of Pages: 02

Total No. of Questions: 07

B.Com (2011 & Onwards) (Sem. – 6)

FINANCIAL MANAGEMENT

M Code: 71028

Subject Code: BCOP-603

Paper ID: [A2260]

Time: 3 Hrs.

Max. Marks: 60

INSTRUCTIONS 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 students have to attempt any **FOUR** questions.

SECTION A

1. Write short notes on the following:

- a) Financing decision
- b) Cost of debt
- c) Modified Internal Rate of Return
- d) Multi-stage growth model
- e) Arbitrage process
- f) Business risk
- g) Stock split
- h) Operating cycle
- i) Re-order point
- j) Marketable securities

SECTION B

2. “The primary objective of financial management is shareholders’ wealth maximization”. Comment by giving suitable examples. Also explain how the shareholders’ wealth can be measured?
3. “Investment, financing and dividend decisions are interrelated”. Explain with suitable examples.
4. What is an appropriate capital structure? Write a note on the determinants of capital structure.
5. What are the assumptions and arguments used by Modigliani and Miller in support of the irrelevance of dividends? Are dividends really irrelevant? If not, what are the arguments for relevance of dividend policy?
6. What is payback period? Explain its merits and demerits. How it is useful in determining the internal rate of return?
7. Explain the ABC inventory control system. What is the basic and key premise of this system? Discuss its merits and demerits.