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Total No. of Pages : 03

Total No. of Questions : 09

B.Com. (Honours) (Sem.-5)
FINANCIAL MANAGEMENT
Subject Code : BCOM-501-18
M.Code : 78172
Date of Examination : 28-11-2024

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A** is **COMPULSORY** consisting of **TEN** questions carrying **TWO** marks each.
2. **SECTIONS-B** consists of **FOUR** Sub-sections : Units-I, II, III & IV.
3. Each Sub-section contains **TWO** questions each, carrying **TEN** marks each.
4. Student has to attempt any **ONE** question from each Sub-section.

SECTION-A

1. Write briefly :

- a) Time Value of Money
- b) Components of cost of capital
- c) Capital rationing
- d) Capital structure vs. financial structure
- e) List out determinants of dividend policy
- f) Discounted Pay back method
- g) Operating leverage
- h) Working capital
- i) Profit maximization
- j) Inventory management

SECTION-B

UNIT-I

2. Discuss in detail function and role of financial manager for success of organization.
3. a) Write a note on components of cost of capital.
b) Calculate the present value of Rs. 10000 to be received after 5 years from now assuming 7% time preference for money.

UNIT-II

4. a) Write a brief note on financial, operating and combined leverage.
b) Calculate operating leverage and financial leverage from the following data :
Sales (1,00,000 units) Rs. 2,00,000
Variable cost per unit Rs. 0.70
Fixed cost Rs. 65,000
Interest Charges Rs. 15,000
5. What do you mean by capital structure? Write a detailed note on theories of capital structure.

UNIT-III

6. Critically evaluate Gordon's Model.
7. The following statements give quantitative considerations relevant for the ranking of Project A and B:

Criteria	Project A	Project B
Investment	400	300
Internal rate of return	Nearly 18%	Nearly 20%
Present value of 6% discount factor	542.7	421.2
Net present value at 6% D.F	142.7	121.2
Net Present value at 12% D.F	60.5	60.5

Project A required an investment of Rs.400 and was expected to have cash inflow of Rs. 110, Rs.120, Rs.130, Rs.140 and Rs.150 over its five years economic life. Project B involved an investment of Rs.300 and was expected to have cash inflows of Rs.100 each over its five years economic life.

Which of the two projects will you select if cost of capital is (i) 10% (ii) 12% and 15%. Give reasons in support of your decision.

UNIT-IV

8. Ace Ltd. manufactures a product and the following particulars are collected for the year ended March, 2021

Monthly demand	1000 units
Cost of placing an order	Rs. 100
Annual carrying cost	Rs. 15 per unit
Normal usage	50 units per week
Minimum usage	25 units per week
Maximum usage	75 units per week
Reorder level	4-6 weeks

Calculate :

- a) Re-order quantity
 - b) Re-order level
 - c) Minimum level
 - d) Maximum level
 - e) Average stock level
9. Define working capital? Discuss the importance of having adequate working capital and disadvantage of excess working capital.

NOTE : Disclosure of Identity by writing Mobile No. or Marking of passing request on any paper of Answer Sheet will lead to UMC against the Student.