B.Com. (Honours)   (Sem.–5)
FINANCIAL MANAGEMENT
Subject Code : BCOM-501-18
M.Code : 78172
Date of Examination : 17-11-2023

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) What is the need of wealth maximization?

   b) What are the sources of long term financing?

   c) How gross working capital differs from net working capital ?

   d) Discuss in detail internal rate of return.

   e) Define equity capital.

   f) What do you mean by capital structure ?

   g) Define pay back method.

   h) What do you mean by net present value?

   i) Define preference shares.

   j) How capital structures differs from financial structure?

SECTION-B

UNIT -I

2. Define the traditional and modern concept of finance. Discuss in detail the nature and scope of financial management. Comment on the emerging role of financial manager in current scenario of era of globalization.

3. Explain with the help of example how to calculate time value of money?

UNIT-II

4. Explain the position of M-M on the issue of an optimum capital structure, ignoring the corporate income taxes. Use an illustration to show how homemade leverage by an individual investor can replicate same risk and return as provided by the levered firm.

5. What do you mean by the equity shares and preference share? Explain the features of equity shares and preference shares. What are the pros and cons of equity shares from the company's and investor' point of views? What is common between equity shares and preference shares in India?

UNIT-III

6. Define the concept of capital budgeting. Discuss in detail with the help of examples non discounted techniques of budgeting.

7. (a) The earnings per share of a company is Rs.10. It has an internal rate of return of 15 percent and the capitalization rate of its risk class is 12.5 percent. If Walter's model is used : (i) What should be the optimum payout ratio of the firm? (ii) What should be the price of the share at this payout? (iii) How shall price of the share be affected if a different payout were employed?

   (b) What is Modigliani Miller's Irrelevance hypothesis? Critically evaluate it assumption.

UNIT-IV

8. Discuss in detail the objectives of receivable management and inventory management.

9. Define the concept, nature and need of working capital. What factors would you take into consideration in estimating working capital need of a concern? Explain in detail methods of determining working capital.