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Total No. of Pages : 02

Total No. of Questions : 18

B.Com. (Honours) (Sem.–5)
FINANCIAL MANAGEMENT
Subject Code : BCOM-501-18
M.Code : 78172

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

Write Briefly :

- 1) Profit Maximisation
- 2) Compounding
- 3) Debentures
- 4) EBIT
- 5) Pay Back Period
- 6) Dividends
- 7) Receivables Management
- 8) Gross Working Capital
- 9) IRR
- 10) Leverage

SECTION-B

UNIT-I

- 11) What do you mean by Financial Management? Explain its Characteristics.
- 12) Calculate the balance in the account of Mr. Sunder at the end of 10 years if Rs.25000 is deposited today and account earns 4% interest. Calculate it if the interest rate
 - a. Compounds annually
 - b. Compounds Quarterly

UNIT-II

- 13) What do you mean by Capital Structure? Explain major determinants of Capital Structure.
- 14) According to Net Income Approach, a financial concern increase its value by increasing the proportion of debt in its financing. Is this statement right or wrong? Explain with reasons.

UNIT-III

- 15) A project cost Rs.25000 and has a scrap value of Rs.5000 after 5 years. The net profits before depreciation and taxes for the five years period are expected to be Rs.5000, Rs.6000, Rs.7000, Rs.8000 and Rs. 10,000. You are required to calculate the accounting rate of return assuming 50% rate of tax and depreciation on straight line method.
- 16) Explain the various factors which influence the dividend decisions of a firm.

UNIT-IV

- 17) Describe the need and determinants of working capital in a business.
- 18) Traders Ltd. are engaged in large scale retail business. From the following information, you are required to forecast their working capital requirements :

Projected Annual Sales	Rs.130 Lakhs
Percentage of Net Profit on Cost of Sales	25%
Average credit period allowed to debtors	8 Weeks
Average Credit Period allowed by Creditors	4 Weeks
Average Stock Carrying (in terms of Sales requirements)	8 Weeks
Add: 10% to computed figures to allow for contingencies	

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