

**B.Com (Professional), 6<sup>th</sup> Semester****Paper: BCOP 603 FINANCIAL MANAGEMENT**

Roll No \_\_\_\_\_

Total No. of Question-16

**(SET II)**

Time Allowed – 3Hours

Max Marks - 60

**Note:** Section A is compulsory; each question is of 2 marks. Attempt any four questions out of six questions under Section B, each question is of 10 marks.

**SECTION – A**

- Q1. Define financial management.  
Q2. How is Financial Planning concerned with future?  
Q3. What is financial leverage?  
Q4. What is scrip dividend?  
Q5. Compare capital and capitalization.  
Q6. What is factoring?  
Q7. What is inventory turnover ratio?  
Q8. Define capital budgeting.  
Q9. What is EOQ?  
Q10. What is Return on Investment?

**SECTION – B**

- Q11. Define dividend policy. Why do investors want dividends? Explain the different types of dividends.  
Q12. Explain financial plan. What are its main ingredients? Explain the characteristics of sound financial plan.  
Q13. Explain the EBIT- EPS analysis and various factors affecting the capital structure decision of the organization.  
Q14. Describe the need and determinants of working capital in business.  
Q15. A proforma cost sheet of company provides the following particulars:  
Elements of cost  
Material 40%, Direct labour 20%, Overheads 20%  
It is proposed to maintain a level of activity of 2,00,000 units.  
Selling price is Rs. 12 per unit.  
Raw materials are expected to remain in stores for an average period of one month.  
Materials will be in process, on averages half a month.  
Finished goods are required to be in stock for an average period of one month.  
Credit allowed to debtors is 2months.  
Credit allowed by suppliers is one month.  
You are required to prepare a statement of working capital requirements.  
Q16. Q15. A company is considering an investment proposal to purchase a machine costing Rs. 5,00,000. The machine has a life expectancy of 5 years and no salvage value. Company's tax rate

is 40%. It uses straight line method for providing depreciation. The estimated cash flows before tax after depreciation from the machine are as follows:

Year	CFBT	PV@10%
1	1,20,000	0.909
2	1,40,000	0.826
3	1,80,000	0.751
4	2,00,000	0.683
5	3,00,000	0.621

Calculate : (a) Pay Back Period (b) Average Rate of Return (c) Present Value and Profitability Index @ 10% discount rate.

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