

Roll No. 

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Total No. of Pages : 03

Total No. of Questions : 07

B.Com.(P) (2011 & Onward) (Sem.-6)

**FINANCIAL MANAGEMENT**

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 briefly :**

1. Name the goals of financial management.
2. Define Financial Planning.
3. What is operating leverage?
4. Name various forms of dividend.
5. What is weighted average cost of capital?
6. What is sensitivity analysis?
7. What is operating cycle in working capital?
8. What is precautionary motive under cash management?
9. What is primary market?
10. What is Internal Rate of Return?

### SECTION-B

2. Define the concept of 'Cost of Capital'. Explain about computation of cost of different components of capital.
3. Discuss the need and determinants of working capital in business.
4. What do you understand by financial decisions? Discuss the major financial decisions.
5. Explain relevant and irrelevant theories of dividend policy.
6. From the following forecast of income and expenditure: prepare a cash budget for the months January to April, 2003 :

Month	Sales (Credit)	Purchase (Credit)	Wages	Manufacturing Exp.	Administration Exp.	Selling Exp.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Nov, 2002</b>	30,000	15,000	3,000	1,150	1,060	500
<b>Dec, 2002</b>	35,000	20,000	3,200	1,225	1,040	550
<b>Jan, 2003</b>	25,000	15,000	2,500	990	1,100	600
<b>Feb, 2003</b>	30,000	20,000	3,000	1,050	1,150	620
<b>Mar, 2003</b>	35,000	22,500	2,400	1,100	1,220	570
<b>Apr, 2003</b>	40,000	25,000	2,600	1,200	1,180	710

#### **Additional Information :**

1. The customers are allowed a credit period of 2 months.
2. A dividend of Rs. 10,000 is payable in April.
3. Plant purchased on 15<sup>th</sup> January for Rs. 5,000.
4. A building has been purchased on 1st March and the payment is to made in monthly installment of Rs. 2,000 each.
5. Creditors are allowing credit of 2 months.
6. Wages are paid on 1<sup>st</sup> of next month.
7. Lag in payment of other expenses is one month.
8. Balance of cash in hand on 1.1.2003 is Rs. 15,000.

7. Using the information given below, compute the payback period under :
- Traditional Payback Method
  - Discounted Payback Method

Initial out lay	Rs. 80,000	
Estimated life	5 years	
Profit after tax		PV Factor @ 20%
2005	Rs. 6,000	0.83
2006	Rs. 14,000	0.69
2007	Rs. 24,000	0.58
2008	Rs. 16,000	0.48
2009	Nil	0.40

Depreciation has been calculated under straight line method. The cost of capital may be taken at 20% p.a.

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