

Subject : Financial Management

Day : Thursday
Date : 09/06/2016



Time : 02.00 PM TO 05.00 PM
Max Marks : 80 Total Pages : 2

N.B.:

- 1) Attempt **ANY FIVE** questions form Section- **I** .Each question carries 10 marks.
 - 2) Attempt **ANY TWO** questions form Section - **II** .Each question carries 15 marks.
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SECTION-I

- Q.1** Elaborate role and functions of finance manager in modern corporate sector.
- Q.2** What do you mean by Dividend policy? Elaborate its importance and types.
- Q.3** Define the term capital Budgeting and what are its methods?
- Q.4** Elaborate
- a) Time value of money
 - b) Valuation of Securities
- Q.5** Cost of capital is an important concept for any company discuss critically.
- Q.6** What are different sources of Long term Capital? What are their respective advantages and disadvantages?
- Q.7** Write short notes (**ANY TWO**)
- a) Amortisation of debenture
 - b) Risk- return and share value relationship
 - c) Capital structure and its importance

SECTION-II

Q.8 Initial investment Rs. 1,80,000

Year	Cash flow (Rs)
1	35,000
2	45,000
3	40,000
4	50,000
5	55,000

Tax bracket = 50 %

Discounting Factor = 10 %

Required rate of return = 10%

Calculate :

- d) Pay back Period.
- e) Average rate of return.
- f) Net present value.

Q.9 Sales = Rs 28,00,000

Variable Cost = 60 % of Sales

Fixed Cost = 5 % of Sales

10 % Bank Loan = Rs. 1,00,000

5 % Debentures = Rs. 1,00,000

Tax = 50 %

Calculate:

- b) Operating Leverage.
- c) Financial Leverage.
- d) Combined leverage.

Q.10 Equity share Capital -Rs. 3,20,000

11 % Preference share Capital - Rs.2,70,000

12 % Debentures - Rs.1,80,000

10 % Bank Loan - Rs.2,10,000

Company is paying 11 % Dividend to equity shareholders.

Calculate:

Cost of capital.

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