

2008000206060011
EXAMINATION OCTOBER 2024 (ATKT EXAM)
BACHELOR OF COMMERCE (HONORS) (SIXTH SEMESTER)
FINANCIAL MANAGEMENT- III - LEVEL6

[Time: As Per Schedule]

[Max. Marks: 50]

Instructions:

1. **Fill up strictly the following details on your answer book**
 - a. Name of the Examination: **BACHELOR OF COMMERCE (HONORS) (SIXTH SEMESTER)**
 - b. Name of the Subject: **FINANCIAL MANAGEMENT- III - LEVEL6**
 - c. Subject Code No: **2008000206060011**
2. Sketch neat and labelled diagram wherever necessary.
3. Figures to the right indicate full marks of the question.
4. All questions are compulsory.

Seat No:

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Student's Signature

Q.1 Answer in brief (Any Five):

10

- 1) Define 'Inventory'. What are its various types?
- 2) List the motives of holding cash.
- 3) Explain financial break-even point.
- 4) State two points of difference between NI and NOI approach of capital structure.
- 5) What do you mean by dividend policy?
- 6) Name the theories of relevance of dividend decision.

Q.2

- a) Explain 'Net Operating Income Approach' of capital structure.
- b) What is dividend? Explain kinds of dividends.

6

7

OR

- a) ABC Ltd. is having a paid-up share capital of 40,000 shares of Rs. 100 each. The firm is contemplating the declaration of dividend of Rs. 5 per share at the end of the current year. The capitalisation rate of the firm is 10%. The firm expects net earnings of Rs. 4,00,000 and has an investment proposal of Rs. 8,00,000.
Calculate the price of shares and number of new shares to be issued if (i) dividend is declared, (ii) dividend is not declared.

6

- b) The following data relate to two companies to the same risk class: 7

Particulars	ABC Ltd.	XYZ Ltd.
Expected Net Operating Income	Rs. 5,00,000	Rs. 5,00,000
12% Debt	Rs. 8,40,000	---
Equity capitalization rate	25%	20%

Determine the total value of the company and the weighted average cost for each company using net income (NI) approach.

- Q.3**
- a) What is working capital? Explain gross and net working capital. Discuss significance of working capital. 6
- b) Discuss Aggressive and Conservative approach of working capital. 7

OR

- a) Discuss collection effort involved in receivables management. 6
- b) What is operating cycle? How is it calculated? 7

- Q.4 Write short note on (Any Two):** 14

1. Arbitrage process - MM theory of Capital Structure.
2. Walter's approach to dividend policy.
3. Factors determining working capital requirement.
