

2008000205060011
EXAMINATION FEBRUARY-MARCH 2024
BACHELOR OF COMMERCE (HONORS)
(FIFTH SEMESTER)
FINANCIAL MANAGEMENT- I – LEVEL 6

[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)(FIFTH SEMESTER)**
- b. Name of the Subject : **FINANCIAL MANAGEMENT- I- LEVEL 6**
- c. Subject Code No : **2008000205060011**

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 short:

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1. Meaning of tax shield?
2. Cost of Retained earnings.
3. Explain Accounting Rate of Return method.
4. Define and mention goals of financial management.
5. How is cost of debt calculated?

Q.2 (a) What is cost of capital? Discuss the significance of determining cost of capital. Also mention various sources of cost of capital. **7**

(b) Explain Activity leverage in detail. **6**

Q.3 a) Explain in detail traditional and modern approaches of Financial Management and also explain in detail profit maximisation, wealth maximisation and other maximisation objectives. **7**

b) Solve:

The company wants to make a choice between two projects. Suggest the acceptability of the project based on Net present value method and Profitability index method.

Particulars		Project X(Rs.)	Project Y(Rs.)
Initial investments		3,10,000	5,90,000
Scrap value after 5 year		20,000	50,000
Annual cash flows for year	P.V at 14%		
1	0.8772	10,000	1,20,000
2	0.7695	80,000	2,68,000
3	0.6750	2,44,000	2,92,000
4	0.5921	2,18,000	2,74,000
5	0.5194	1,15,000	2,10,000

Q.4 Write short notes: (any three)

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- 1) Impact of debt and equity on capital structure.
- 2) Payback period as investment evaluation criteria.
- 3) Weighted average cost of capital
- 4) Cost of debentures
