PRN:		Course Code :	UBC 301

Second Year **B. Com** End Semester Examination Winter 2023

Financial Management

Day and Date: Tuesday, 28/11/2023 Max Marks: **100**

Time : 2.00 to 5.00 PM Duration: **03** hrs

Instructions: All questions are compulsory.

		Marks	Bloom's Level	CO
Q.1	**Attempt the following**			
a)	Define Financial Management. Discuss the Scope of Financial Management?	08	2	1
b)	Discuss financing decision, investment decision and dividend decision as financial functions.	08	1	1
c)	In modern approach finance manager is concerned not only with profit maximization but wealth maximization also, explain	09	2	1
	or			
d)	The role of finance manager is changing rapidly, contrast with traditional view?	09	2	1
Q.2	**Attempt the following**			
a)	Explain the meaning of Time value of Money? What are the reasons of time preference of money?	08	2	2
b)	Explain the compounding and discounting techniques of time value of money?	08	2	2
c)	Compute the present value of Rs. 10,000 due in 2 years @ 5% compounded interest if the interest rate is paid I) half yearly II) quarterly	09	5	2
	or			
d)	The present compound rate of interest is 8% p.a. which do you prefer Rs.10,000 today or Rs. 20,000 after 10 years?	09	4	2
Q.3	**Attempt the following**			
a)	Capital budgeting is the tool for evaluating projects. Explain the Non Discounting methods of evaluating capital expenditure projects?	08	3	3
b)	Discuss briefly the NPV method Vs IRR method of evaluating the projects.	08	2	3
c)	The data given below (Rs. In Lacks)		4	3

Year	Machine A	Machine B
1	1.5	0.5
2	2.0	1.5
3	2.5	2.0
4	1.5	3.0
5	1.0	2.0

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A company is considering purchasing a machine. Two machine A& B costing Rs. 5,00,000/- each. A discounting rate of 2% is to be used and the life of machine is 5 years by SLM method of depreciation. Cash flows are as follows.

Calculate 1) PBP 2) ARR

or

d) Calculate NPV and PI by using data from Q 3. c) above. 09 4 3

Q.4 **Attempt the following**

a) Elaborate the measures of DOL and DFL, explain the significance of each of these. 08 2 4

b) A firm has sales of Rs. 10,00,000. variable cost of Rs. 7,00,000 and fixed costs of Rs. 2,00,000 and debt of Rs. 5,00,000 at 10% rate of interest. Calculate the operating, financial and combined leverages. 08 3 4

c) Following information is available 09 4 4

You are required to compute the weighted average cost of capital.
The tax rate is 50%, equity dividend is 12%.

Equity share capital20,000 share @ Rs 10 Each	Rs.2,00,000
Reserve and surplus	Rs. 1,30,000
8% debentures	Rs. 1,70,000

or

d) The following figures relate to two companies: *(Rs lakhs)* 09 5 4

	P Ltd.	Q Ltd.
Sales	500	1,000
Variable costs	200	300
Contribution	300	700
Fixed costs	150	400
Interest	50	100
Profit before Tax	100	200

You are required to:
(i) Calculate the operating, financial and combined leverages for the two companies;

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