

**TDC Odd Semester Exam., 2020
held in July, 2021**

COMMERCE

(Honours)

(3rd Semester)

Course No. : BCMH-302

(Financial Management)

Full Marks : 50

Pass Marks : 17

Time : 2 hours

*The figures in the margin indicate full marks
for the questions*

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. (a) What is Financial Management?
(b) Explain the objectives of Financial Management. 2+8=10
2. (a) What are the objectives of finance function?

- (b) Explain the functions of a finance manager in a large-scale industrial establishment. 4+6=10

UNIT—II

3. Examine the various techniques employed in capital budgeting decision. 10
4. (a) What is risk?
(b) Explain the various types of risks involved in an investment. 2+8=10

UNIT—III

5. (a) What is meant by capital structure?
(b) Explain the indicators of sound capital structure. 2+8=10
6. Write notes on the following : 5+5=10
(a) Over-capitalization
(b) Optimum capital structure

(3)

UNIT—IV

7. (a) What is cost of capital?
(b) Explain the significance of cost of capital.
(c) Discuss the problems in determining cost of capital. 2+4+4=10
8. A firm has the following capital structure and after tax costs for the different sources of funds used :

<i>Sources of funds</i>	<i>Amount</i> ₹	<i>Proportion</i> %	<i>After tax cost</i> %
Debt	15,00,000	25	5
Preference Shares	12,00,000	20	10
Equity Shares	18,00,000	30	12
Retained Earnings	15,00,000	25	11
	<u>60,00,000</u>		

You are required to compute the weighted average cost of capital. 10

UNIT—V

9. (a) What is capital budgeting?
(b) Examine the need and importance of capital budgeting. 2+(4+4)=10

(4)

10. Write notes on the following : 5+5=10

- (a) Average Rate of Return (ARR)
(b) Internal Rate of Return (IRR)
