



AB-2753

Third Year B. Com. (Honours) (Sem. V) Examination
March / April – 2015
Financial Management - I

Time : Hours]

[Total Marks : 50

Instructions :

(1)

नीचे दृष्टावेक निशानीवाणी विगतो उत्तरवही पर अवश्य कभवी. Fillup strictly the details of signs on your answer book.		Seat No. :	
Name of the Examination :		<input type="text"/>	
THIRD YEAR B. COM. (HONOURS) (SEM. 5)		<input type="text"/>	
Name of the Subject :		<input type="text"/>	
FINANCIAL MANAGEMENT - 1		<input type="text"/>	
Subject Code No. : <input type="text"/> 2 <input type="text"/> 7 <input type="text"/> 5 <input type="text"/> 3		Section No. (1, 2,.....) : <input type="text"/> Nil	
		Student's Signature	

(2) All questions are compulsory.

(3) Marks are indicated on the right hand side.

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|---|---|----|
| 1 | Short questions : | 10 |
| | (1) Define leverage. | |
| | (2) Explain Capital Budgeting. | |
| | (3) Explain Capital Rationing. | |
| | (4) Explain retain earnings. | |
| | (5) Explain trading on equity. | |
| 2 | (1) Explain approaches of financial management relating financing decision and investment decision. | 7 |
| | (2) Explain financial management objective of profit maximisation and wealth maximisation. | 6 |
| 3 | (1) Explain Net Present Value and Profitability Index methods with advantages and disadvantages. | 7 |
| | (2) Explain operating, financial and total leverage. | 6 |

- 4 (a) Short notes : 8
- (1) Cost of equity
- (2) Weighted average cost of capital.
- (b) Solve the following : 6
- Sales (units)..... 25,000
- Interest per annum Rs. 30,000
- Selling price per unit Rs. 24
- Tax rate 50%
- Variable cost p.u. Rs. 16
- No. of equity shares 10,000
- Fixed cost per annum..... Rs. 80,000
- Compute :
- (1) Break even sales
- (2) Earnings before interest and tax
- (3) Earning per share
- (4) Operating leverage
- (5) Financial leverage.
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