



BA-2008000206060011

B. Com. (Honors) (Sem. VI) Examination

April - 2022

Financial Management - III

Time : 2 Hours]

[Total Marks : 50

**Instructions :**

(1)

|                                                                                                                 |                      |
|-----------------------------------------------------------------------------------------------------------------|----------------------|
| नीचे दशावेक निशानीवाणी विगतो उतरवडी पर अवश्य लपवी.<br>Fillup strictly the details of signs on your answer book. | Seat No. :           |
| Name of the Examination :                                                                                       | <input type="text"/> |
| Third Year B. Com. (Honors) (Sem. VI)                                                                           | <input type="text"/> |
| Name of the Subject :                                                                                           | <input type="text"/> |
| Financial Management - III                                                                                      | <input type="text"/> |
| Subject Code No. :                                                                                              | <input type="text"/> |
| 2 0 0 8 0 0 0 2 0 6 0 6 0 0 1 1                                                                                 | <input type="text"/> |
| Section No. (1, 2,.....) : NIL                                                                                  | <input type="text"/> |
|                                                                                                                 | Student's Signature  |

1 Answer in brief : (any five) 10

- What is optimum capital structure ?
- State the assumptions of Modigliani- Miller (MM) approach of capital structure.
- Explain the significance of debt-equity ratio.
- What is Weighted Average Cost of Capital ?
- List the assumptions of MM hypothesis in support of irrelevance of dividend.
- What is dividend decision ?
- What is permanent working capital ?
- What is 'Net Operating Cycle' ?
- What is receivables management ?
- Explain 'Matching Approach' as a working capital management strategy.

Attempt ANY TWO from the following (Q.2 to Q.5)

2 Explain in detail net income approach and net operating approach of capital structure. 14

- 3 The earnings per share of a company are Rs. 10 and the capitalisation rate applicable to it is 10%. The company has before it the options of adopting a pay-out of 0% or 50% or 100%. Using Gordon's formula, compute the market value of the company's share if the productivity of retained earnings is (a) 20% (b) 10% and (c) 8%. What inference can be drawn from the calculations? 14
- 4 Explain the motives for holding cash. Discuss cash management techniques. 14
- 5 What is working capital? Discuss the significance of working capital. Explain determinants of working capital requirement. 14
- 6 Write short notes on : (any two) 12
- a. EBIT-EPS analysis
  - b. Determinants of dividend policy
  - c. Walter's model
  - d. Inventory management.
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