

1128

B. Voc. (Retail Management)
Fifth Semester
GFC-302: Financial Management (OLD)

Time allowed: 3 Hours**Max. Marks: 80**

NOTE: Attempt five questions in all, including Question No. I (Section-A) which is compulsory and selecting two questions each from Section B-C.

x-x-x

Section – A

I. Attempt any four of the following:-

Section- A

1. A machine cost Rs. 10,00,000 and yields annually cash flows of Rs. 200,000 after depreciation @ 12.5% . Calculate payback period.
2. What do you mean by factoring?
3. What is wealth maximization in finance.
4. Explain determination of level of safety stocks.
5. Explain various forms of dividend.
6. The following information is available in respect of Sumit textiles ltd:
 - a. Earnings per share (EPS): Rs.12
 - b. Capitalisation rate (Ke): 10%
 - c. Rate of return on investments (r): 15%

Using Walter's model, determine optimum payout and the market price of shares at this payout.

Section- B

7. What is the scope and significance of finance function? Describe how finance functions are organized and related to other business functions.
8. (a) Explain about Time Value of Money with imaginary figures. (5 marks)
 (b) Nyesha Ltd. is considering investment in a project that cost Rs. 3,00,000. The project has an expected life of 5 years and zero salvage value. The company uses straight line method of depreciation. The company's tax rate is 40%.

The estimated earnings before depreciation and before tax from the project are as follows:

Year	1	2	3	4	5
Earnings before depreciation and tax	100,000	150,000	2,20,000	136,000	60,000
P.V @ 10%	.909	.826	.751	.683	.621

You are required to calculate the net present value at 10% and advise the company. (10 marks)

9. (a) Explain about how to finance working capital needs of a firm. (7 marks)
(b) How would you manage cash and receivables in an organization? Explain its various techniques. (8 marks)

Section- C

10. What do you mean by Receivable Management? Explain in specific about:
a. Formulating and executing credit policy.
b. Formulating and executing collection policy.
11. What is dividend decision and what factors do affect it? Explain any one theory in detail in the light of "A bird in hand argument"
12. (a) What is cash management? What are various motive of holding cash? (5 marks)
(b) Calculate EOQ with the following information:

Annual usage:	10,000 units
Material Cost:	Rs. 20 per unit
Cost of placing and receiving one order:	Rs. 100
Annual carrying cost of inventory:	Rs. 10

x-x-x