

2053
M.Com (Entrepreneurship and Family Business)
Second Semester
FB-203: Business Management – II (Finance)

Max. Marks: 80

Time allowed: 3 Hours

NOTE: Attempt five questions in all, selecting atleast two questions from each Unit. All questions carry equal marks.

x-x-x

UNIT - I

- I. What do you mean by Financial Statement Analysis? Explain the various techniques of Financial Statement Analysis.
- II. Explain in detail the following
 - (a) Capital Gearing Ratio
 - (b) Return on Investment
 - (c) Return on Capital Employed
 - (d) Debtors Turnover Ratio
- III. Explain the different models of risk and returns used in business management.
- IV. A Company has to make a choice between buying of two machines. Machine A would cost Rs.1,00,000 and require cash running expenses of Rs.32,000 p.a. Machine B would cost Rs.1,50,000 and its cash running expenses would amount to Rs.20,000 p.a. Both the machines have a life of 10 years with zero salvage value. The company follows straight line depreciation and is subject to 50% tax on its income. The company's required rate of return is 10%. Which machine should it buy? Note: Present value of Re.1 Per annum for 10% discount rate is 6.1446
- V. Make a comparison between NPV and IRR methods of capital budgeting. Which one of the two, do you consider better and why?

UNIT - II

- VI. The capital structure of a company consists of an equity share capital of Rs. 10,00,000 (Rs 10 per share) and 20% 10,00,000 debentures. Sales increased from 3,00,000 units to 3,50,000 units. Selling price per unit is Rs.10, variable costs is Rs.6 per unit and fixed costs amounted to Rs. 2,50,000. Tax Rate is 50%. You are required to calculate the following
 - a) % increase in EPS
 - b) The degree of financial and operating and combined leverages at 3,00,000 and 3,50,000 units