

(i) Printed Pages : 2

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(ii) Questions : 10

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3	8	1	5
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Exam. Code :

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Master of Commerce 2nd Semester

(2054)

FINANCIAL MANAGEMENT AND POLICY

(Same for USOL Candidates)

Paper--M.C. 203

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :— Attempt *five* questions in all, by selecting at least *one* question from each unit. All questions carry equal marks.

UNIT—1

1. What do you mean by the term 'present value ?' How it is different from future value ? How the future value of a single cash flow annuity and sinking fund are calculated ? 16
2. Discuss the concept of wealth maximization and profit maximization. Why wealth maximization is considered to be a superior concept than profit maximization ? 16
3. (a) What do you mean by financial management ? What are its objectives ?
(b) Discuss the various long term sources of finance. 8+8=16

UNIT—2

4. What do you mean by capital budgeting ? What are the methods of capital budgeting ? Discuss the certainty equivalent approach of capital budgeting with example. 16
5. Define the concept of cost of capital. State how you would calculate cost of preference capital and retained earnings. 16

UNIT—3

6. Compare and contrast net income approach of capital structure with net operating income approach of capital structure. 16
7. What do you mean by financial leverage ? What do you think that financial leverage has the tendency to increase the risk of equity shareholders ? Support your answer with a valid example. 16
8. Critically evaluate MM approach to capital structure. 16

UNIT—4

9. What is dividend ? Discuss any model supporting the relevance of dividend and one model supporting the irrelevance of dividend. 16
10. What is working capital ? What factors determine the need of working capital for a firm ? Discuss various approaches to working capital. 16