

2072

M.Com (Entrepreneurship and Family Business)

Second Semester

FB-203: Business Management – III (Finance)

Time allowed: 3 Hours

Max. Marks: 80

NOTE: Attempt five questions in all, selecting atleast two questions from each Unit.

x-x-x

UNIT - I

- I. Define Computer Based Accounting? Describe its importance in a small-scale business in present times. (16)
- II. Define Ratio Analysis? Describe in details activity ratios with suitable examples. (16)
- III. a) Describe the concept of time value of money.
b) If you wish to accumulate Rs. 15,20,875 in 3 years to replace a new machinery, how much must you deposit today in an account that pays an annual compound interest rate of 15%?
c) What will Rs. 247,000 grow to be in 5 years if it is invested today in an account with an annual Compound interest rate of 11%? (6,5,5)
- IV. What do you mean by Capital Budgeting? How various capital budgeting techniques can be used for making long term investment decisions when facing capital rationing constraints? (16)
- V. Describe in detail the CAPM model of risk and return with suitable examples. (16)

UNIT - II

- VI. What do you mean by working capital management? Describe the operating cycle concept of working capital management. (16)
- VII. Describe the role and importance of venture capital financing in recent success of start-ups companies in India. (16)

P.T.O.

(2)

- VIII. a) Describe factors determining the capital structure of a company.
- b) A company is expected to pay dividend of Rs. 20 per equity share. The dividend is expected to grow at the rate of 10%. Find out the share price today, if market capitalises dividend at 30%. (10,6)
- IX. a) Define financial leverage. How does it magnify the revenue available for equity shareholders?
- b) Calculate operating leverage and financial leverage from the following data:
- | | | | |
|------------------------|---|-------------|--------|
| Sales (1,00,000 Units) | = | Rs 2,00,000 | |
| Variable cost per unit | = | Rs 0.70 | |
| Fixed Cost | = | Rs 65,000 | |
| Interest Charges | = | Rs 15,000 | (10,6) |
- X. "A firm should follow a policy of high dividend pay-out." Do you agree? Why or why not? (16)

x-x-x