Exam. Code : 108505
Subject Code : 2776

B.Com. Semester—V

BCG–512 : ADVANCED FINANCIAL MANAGEMENT

Time Allowed—3 Hours] [Maximum Marks—50

SECTION—A

Note :— Attempt any **TEN** parts. Answer to each of these should be up to **five** lines in length. Each part carries **1** mark.

1. (a) Concept of Perpetuity.
   (b) Trading on Equity.
   (c) Cost of Retained Earnings.
   (d) Financial Break Even Point.
   (e) Zero Coupon Bonds.
   (f) Business Risk.
   (g) Interim Dividend.
   (h) Current Assets.
   (i) Net Working Capital.
   (j) Time Value of Money.
   (k) Pay Back Period.
   (l) Cost of Liquidity.

SECTION—B

Note :— Attempt any **TWO** questions. Answer to each question should be up to **five** pages in length. Each question carries **10** marks.

2. What do you understand by the terms 'Risk' and 'Return' ? Explain the relationship between the two.

3. What is the importance of Capital Structure Planning ? Discuss the factors which influence the decision regarding Capital Structure.

4. What is Weighted Average Cost of Capital ? How is it calculated ? Discuss its relevance in Capital Budgeting Decisions.

5. What is a Commercial Paper ? How is it different from Debenture ? Discuss the regulations applicable to Commercial Papers.

SECTION—C

Note :— Attempt any **TWO** questions. Answer to each question should be up to **five** pages in length. Each question carries **10** marks.

6. Discuss the meaning and objectives of Dividend Policy. What are the benefits of following a Stable Dividend Policy ?

7. Explain different techniques for estimating Working Capital requirements of a concern. Which technique, do you think, is preferable and under what circumstances ?

8. Write notes on :

   (i) Operating Cycle.

   (ii) Discounted Cash Flow Techniques of Capital Budgeting.

9. A company is considering two Projects P and R for investment. The following details are available :

	Project P	**Project R**
Initial Investment :	Rs. 5,00,000	Rs. 4,00,000
Annual Cash Inflows :	Rs. 2,00,000	Rs. 1,00,000
Life of Project :	5 Years	15 Years

You are required to rank these projects on the basis of :

   (a) Pay Back Period and Post Pay Back Period.

   (b) Net Present Value assuming the Cost of Capital at 10%.