Exam. Code : 108505
Subject Code : 2843

B.Com. Semester—V

ADVANCED FINANCIAL MANAGEMENT

Paper—BCG-512

Time Allowed—3 Hours] [Maximum Marks—50

Note :— Present value tables are to be supplied to the candidates.

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) Capital Gearing
   (b) Concept of Annuity
   (c) Financial Risk
   (d) Cumulative Preference Share
   (e) Interim Dividend
   (f) Stable Dividend Policy
   (g) Net Working Capital
   (h) Present Value of Money
   (i) Internal Rate of Return
   (j) Optimal Capital Structure
   (k) Cash Budget
   (l) Bank Overdraft.

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. Define Capital Structure. Discuss the factors which affect the decision regarding Capital Structure.

3. Discuss the meaning and significance of Weighted Average Cost of Capital. How is it calculated ?
4. Explain the features of Equity Shares and Debentures. Bring out the differences between the two.
5. Calculate the Operating, Financial and Combined Leverages from the following information :

Sales	Rs. 6,00,000
Variable Cost	Rs. 4,20,000
Fixed Cost	Rs. 80,000
Outstanding Debt	Rs. 4,00,000 at 10% rate of interest.

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. Explain Modigliani-Miller approach relating to dividend policy. What are its assumptions ?
7. What is the significance of Working Capital ? Explain various factors which determine the working capital needs of a firm.
8. Explain the nature of Capital Budgeting decisions. Why such decisions are important for a business enterprise ?
9. A company is considering two Projects X and Y for investment. The following details are available :

	Project X	Project Y
Initial Investment	Rs. 1,00,000	Rs. 80,000
Annual Cash Inflows	Rs. 40,000	Rs. 20,000
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%.