

Exam. Code : 121103
Subject Code : 102651

B.Com. 3rd Semester (Batch 2023-26) (CBGS)
FINANCIAL MANAGEMENT
Paper-BCO03007T

Time Allowed—3 Hours] [Maximum Marks—100

Note :—Attempt FIVE questions in all, selecting at least ONE question from each section. The fifth question may be attempted from any section. All questions carry equal marks.

SECTION—A

1. Discuss the concept of Annuity and Perpetuity in detail.
2. The cost of various types of Capital of Shiv Co. Ltd. is given below along with target market proportions. Compute Weighted Average Cost of Capital (WACC) from the following :

Sources of Funds	Amount	Proportion (w) in total capital structure	Cost of capital (k)
Debts	2,40,000	30%	5.68
Preference Share Capital	80,000	10%	9.33
Equity Share Capital (Rs. 100 each)	4,00,000	50%	13.30
Cost of Retained Earnings	80,000	10%	13.00
Total	8,00,000	100%	

SECTION—B

3. A simplified income statement of Zenith Ltd. is given below. Income statement of Zenith Ltd. for the year ended 31st March 2005 :

	Rs.
Sales	10,50,000
Variable Cost	7,67,000
Fixed Cost	75,000
EBIT	2,08,000
Interest	1,10,000
Taxes (30%)	29,400
Net Income	68,600

You are required to calculate and interpret its degree of Operating Leverage and Financial Leverage.

- ✓ A. Discuss how to design optimum capital structure in detail.

SECTION—C

5. From the following information extracted from the books of a manufacturing concern, compute the operating cycle in days :

Period Covered 365 days

Average period of credit allowed by suppliers 16 days

	(Rs. '000)
Average total of debtors outstanding	480
Raw material consumption	4,400
Total production cost	10,000
Total cost of goods sold for the year	10,500
Sales for the year	16,000
Value of average stock maintained :	
Raw materials	320
Work-in-progress	350
Finished goods	260

6. What do you mean by Bank Financing ? Discuss the recommendations of Tandon Committee towards the Bank Financing.

SECTION—D

7. Explain the process of Capital Expenditure Decision in detail.
8. The current price of a company's share is Rs. 75 and dividend per share is Rs. 5. Calculate the dividend growth rate if its capitalization rate is 12 percent.