

2023

Time - 3 hours

Full Marks - 80

*Answer all groups as per instructions.
Figures in the right hand margin indicate marks.*

GROUP - A

1. Fill in the blanks. (all) [1 × 12]
- (a) Profitability Index is also known as _____ ratio.
 - (b) Residential theory of dividend is supported by _____.
 - (c) $EPS = \frac{PAT}{\text{Number of Shares}}$ and Pref. dividend + _____.
 - (d) Gross working capital equals to _____.
 - (e) The amount of current assets that varies with seasonal requirement is referred to as _____ working capital.
 - (f) EOQ stands for _____.
 - (g) The main focus of financial management is towards maximizing the _____ of the firm.
 - (h) _____ is the PV of ₹ 100 payable after one year @ 10% discounting rate.

[2]

- (i) If the returns of an asset have no variability, it has _____ risk.
- (j) There are two types of corporate securities that are ownership securities and _____.
- (k) Issue of equity share is a _____ source of finance.
- (l) Cost of Capital is the _____ required rate of return expected by investors.

GROUP – B

2. Answer any eight of the following questions within two to three sentences each. [2 × 8]

- (a) What is Venture Capital ?
- (b) What is IRR ?
- (c) What is dividend payout ratio ?
- (d) What is net working capital ?
- (e) What do you mean by receivables ?
- (f) Define financial management.
- (g) Name the techniques of time value of money.
- (h) What is annuity ?
- (i) What are financial risks ?
- (j) What is Preference Share ?

[3]

GROUP – C

3. Answer any eight of the following questions within 75 words each. [3 × 8]

- (a) Distinguish between NPV and IPR.
- (b) What are the significances of stable dividends ?
- (c) What do you mean by bonus issue ?
- (d) Explain stock split.
- (e) Explain trade credit.
- (f) What is VED analysis ?
- (g) What are the importances of financial management ?
- (h) Discuss any two techniques for measurement of risk.
- (i) Write various advantages of public deposits.
- (j) What is leasing ?

GROUP – D

Answer all questions within 500 words each.

4. What is risk ? Briefly explain the types of risk involved in an Investment. [7]

OR

[4]

Explain the mechanism of calculating PV of cash flows giving suitable examples.

- 5 "Depreciation and retained earnings are the internal sources of finance." Discuss. [7]

OR

What are the importances of cost of capital ? Discuss the problems in determining it.

- 6 K Limited has the following two options : [7]

Particulars	Machine-I	Machine-II
Cost of machine (₹)	4,48,000	1,20,000
Life of the machine	5 years	8 years
Sale per annum (₹)	3,00,000	3,00,000
Material cost (₹)	1,00,000	1,00,000
Labour cost (₹)	24,000	1,20,000
Variable overheads (₹)	48,000	40,000

Compute and compare both the investment options under pay back method average rate of return method.

OR

Critically examine Walter's relevance theory of dividend.

[5]

7. Describe the need and determinants of working capital in a business. [7]

OR

What do you mean by Cash Management ? How can it be undertaken ?