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**The Assam Royal Global University, Guwahati**

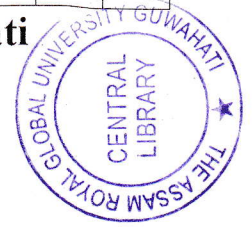
Royal School of Commerce

B.Com[H] Finance & Accounts, 5<sup>th</sup> Semester

Special Supplementary Examination, September 2023

Course Title : Financial Management

Course Code : CFA042C501



Time: 3 Hours

Maximum Marks: 70

**Note: Attempt all questions as per instructions given.**

*The figures in the right-hand margin indicate marks.*

**Section – A**

1. Attempt **all** questions. (Maximum word limit 50) 2 x 8
- What do you mean by Wealth Maximisation?
  - Mention the two approaches to Finance Function.
  - State two techniques for adjusting the time value of money.
  - Define the following
    - Annuity
    - Annuity Discount Factor
  - What do you mean Weighted Average Cost of capital?
  - State the features of a sound Capital mix.
  - What are the dangers of a stable dividend policy?
  - Mention the traditional methods of Capital Budgeting.

**Section – B**

2. Attempt **any two** of the following: 6 x 2
- Describe the various types of Financial Decisions in detail.
  - “Financial Management has expanded its functional area and is no longer confined to raising and allocating funds”. Elucidate the statement
  - “With the change in the nature and size of the business, the role and functions of a Finance Manager has also undergone a massive change”. Give a detailed analysis of the statement with relevant supporting arguments.
3. Attempt **any two** of the following: 7 x 2
- “A rational human being has a time preference for money”. Justify
  - Explain the concept of risk and uncertainty. Explain the various types of risk involved in managing funds. 2 + 5
  - Explain the concept of Present Value with an illustration.
4. Attempt **any two** of the following: 7 x 2
- “Change in capitalisation may be sought as a means of easing problems and giving corporations a better opportunity to achieve its objectives”. In the context of the statement highlight the various reasons for change in capitalisation.
  - Explain the various theories of Capital Structure.
  - State the meaning of Cost of Preference Capital. A company issues 10,000 10% Preference Shares of ₹ 100 each. Cost of issue is ₹2 per share. Calculate cost of preference capital if the shares are issued (a) at par, (b) at a premium of 10% and (c) at a discount of 5%.
5. Attempt **any one** of the following: 14 x 1
- Describe the factors determining working capital.
  - Throw light on the various factors and parameters which a company considers before declaring dividend.