

2023-24

Time - 3 hours

Full Marks - 80

Answer all groups as per instructions.

Figures in the right hand margin indicate marks.

*Candidates are required to answer
in their own words as far as practicable.*

GROUP - A

1. Fill in the blanks. (all) [1 × 12]
- (a) Financial decisions are classified into _____ major groups.
- (b) Financial risk is associated with the _____ structure of the company.
- (c) Trade credit is _____ sources of fund.
- (d) The simplest capital budgeting technique is _____.
- (e) Net working capital is the excess of _____ over _____.
- (f) _____ working capital should be financed out of long term sources of finance.

[2]

- (g) EOQ stands for _____.
- (h) Lock box system is a technique of _____ cash inflows.
- (i) Profit maximisation objective ignores the _____ value of money.
- (j) The effective cost of debentures is _____ as compared to shares.
- (k) Capital budgeting deals with _____.
- (l) Coefficient of variation is = $\frac{\text{Standard Deviation}}{\text{.....}}$

GROUP - B

2. Answer any eight of the following within two or three sentences each. [2 × 8]
- (a) What is financial management ?
 - (b) What is factoring ?
 - (c) What is return earnings ?
 - (d) What is meant by preference shares ?
 - (e) What is a letter of credit ?
 - (f) What do you mean by inventory ?

[3]

- (g) What do you mean by gross working capital ?
- (h) What is cash dividend ?
- (i) What is NPV ?
- (j) What is ARR ?

GROUP - C

3. Answer any eight of the following within 75 words each. [3 × 8]
- (a) Write three importances of financial management.
 - (b) What do you mean by wealth maximisation ?
 - (c) Explain the term risk and return.
 - (d) Write three long term sources of finance.
 - (e) Write three characteristics of equity shares.
 - (f) What are the limitations of capital budgeting ?
 - (g) What is capital expenditure ?
 - (h) Write three importances of working capital.
 - (i) What is zero working capital approach ?
 - (j) What is the concept of Time value of money ?

GROUP - D

4. Answer any four of the following within 500 words each. [7 × 4]
- (a) What is meant by finance function ? Discuss its objectives.
- (b) What is capital budgeting ? Why is it significant for a farm ?
- (c) (i) A project cost ₹ 1,00,000 and yields an annual cash inflow of ₹ 20,000 for 8 years. Calculate its pay back period. [3½]
- (ii) A project cost ₹ 5,00,000 and yields annually a profit of ₹ 80,000 after depreciation @ 12% p.a. but before tax of 50%. Calculate the pay back period. [3½]
- (d) What are the advantages of adequate amount of working capital ?
- (e) What do you mean by dividend ? Explain the types of dividend ?
- (f) What do you understand by retained earnings ? Discuss the merits and demerits of ploughing back of profits as a source of finance.
- (g) (i) Mr A has to receive ₹ 1,000 at the beginning of each year for 5 years. Calculate the present value of the annuity due assuming 10% rate of interest. [3½]
- (ii) Calculate the present value of ₹ 1,000 received in perpetuity for an infinite period, taking discount rate of 10%. [3½]