808 (AFM)

[20-HKPGDEN–M2S(N)21J]

M.Com 2nd Semester (New) Exam., 2020

ADVANCED FINANCIAL MANAGEMENT

[PGCM S2–03]

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. *(a)* Answer the following questions in *one* or *two* sentences each : 1×8=8

(i) Define market risk.

(ii) Mention different types of capital rationing.

(iii) What is meant by cash budget?

(iv) Give two examples of holding cost.

(v) Define receivable.

(vi) What is meant by credit policy?

(vii) What is meant by stock dividend?

(viii) Define stock split.

(b) Choose the right answer : 1×4=4

(i) Cash is a

(1) fixed asset

(2) current asset

(3) fictitious asset

(4) nonoperating asset

(ii) Which of the following is not a component of current asset?

(1) Receivable

(2) Debtor

(3) Cash

(4) Furniture

(iii) Which of the following is not a technique of inventory management?

(1) ABC analysis

(2) XYZ analysis

(3) EOQ

(4) VED analysis

(iv) Which of the following is not a type of dividend policy?

(1) Regular

(2) Irregular

(3) Stable

(4) Unstable

(c) Fill in the blanks : 1×4=4

(i) The existence of volatility in the occurrence of an expected incident is called _____.

(ii) Capital rationing is a form of _____.

(iii) Inventory is a link between production and _____.

(iv) Receivables has a risk of _____.

2. Answer any *five* from the following questions (each within *50* words) : 2×5=10

(a) What is cash dividend?

(b) What are the cost associated with maintaining receivables?

(c) Mention the purposes of holding inventories.

(d) Discuss the features of right shares.

(e) Define unsystematic risk.

(f) What is meant by hard capital rationing?

3. Answer any *four* from the following questions (each in around *150* words) : 3×4=12

(a) Mention the elements of decision theory.

(b) Mention three advantages of capital rationing.

(c) Mention five needs of working capital.

(d) List the objectives of cash management.

(e) List the factors that influence the size of receivables.

4. Answer any *three* from the following questions (each in around *250* words) : 6×3=18

(a) Discuss the factors which affect financial planning of a business entity.

(b) Explain how cost of *(i)* equity capital and *(ii)* retained earnings are calculated.

(c) Define leverage. Discuss the measures of financial leverage. 2+4=6

(d) Explain the Modigliani and Miller approach of capital structure.

5. Answer any *three* from the following questions (each in around *300* words) : 8×3=24

(a) Critically evaluate the goals of financial management.

(b) What is capital structure? Discuss the factors affecting capital structure of a company. 2+6=8

(c) Discuss different types of preference shares and its features.

(d) Discuss *(i)* payback period method and *(ii)* internal rate of return method of investment evaluation criteria.

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