

**Revision Paper (2023-24)**

**Class-B.Com-III**

**Subject: Financial Management**

**Paper- BC-303**

**Time: 3 Hours**

**Maximum Marks: 80**

**Note: Attempt five questions in all, selecting at least one question but not more than two questions from any unit. All questions carry equal marks.**

**UNIT-I**

1. What do you mean by Financial Management? Discuss its functions and goals.
2. What is financial planning? Explain its process and importance.
3. What are the various sources of finance available to Indian businessmen for raising funds?
4. What do you understand by the term 'Capitalisation'? What are the causes of over capitalization? Suggest remedies of overcapitalization.

**UNIT-II**

5. What is cost of capital? What is its significance and what are the problems in determination of cost of capital?
6. Define Working capital? Explain its determinants. What are the advantages of adequate working capital?
7. Explain Net Income and Net Operating Income Approaches of Capital Structure.

**UNIT-III**

8. The Capital budgeting department of a company has suggested 3 investment proposals. The cash flow for each are tabulated below. If the cost of capital is 12%, select which proposal should the firm adopt.

Year		Cash Flower	
	Project I	Project II	Project III
	Rs.	Rs.	Rs.
0	18,000	55,000	35,000
1	5,600	12,000	13,000

2	6,000	20,000	13,000
3	8,000	24,000	13,000
4	8,000	32,000	13,000

9. What do you mean by Leverage? What are its various types? Explain in detail.
  
10. Discuss the Modigliani and Miller approach of irrelevance of dividends. What are its limitations?