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**HV—15—2023**

**FACULTY OF COMMERCE**

**M.Com. (Second Year) (Fourth Semester) EXAMINATION**

**APRIL/MAY, 2023**

**ADVANCED FINANCIAL MANAGEMENT**

**(Tuesday, 9-5-2023)**

**Time : 2.00 p.m. to 5.00 p.m.**

*Time— Three Hours*

*Maximum Marks—75*

*N.B. :— (i) Question No. 1 is compulsory.*

*प्र. क्र. 1 आवश्यक आहे.*

*(ii) All questions carry equal marks.*

*सर्व प्रश्नांना समान गुण आहेत.*

1. Define cost of capital. Explain the significance of cost of capital. 15

भांडवली मुल्याची व्याख्या द्या. भांडवली मुल्यांचे महत्व विशद करा.

2. What is meant by working capital ? Explain working capital management strategies. 15

खेळते भांडवल म्हणजे काय ? खेळत्या भांडवलाच्या व्यवस्थापनाची व्यूहरचना स्पष्ट करा.

*Or*

*(किंवा)*

Surya Industries Ltd. has raised funds through issue of 10,000 debentures of ₹ 150 each at a discount ₹ 10 per debenture. With 10 years maturity, the coupon rate is 16%. The floatation cost is ₹ 5 per debenture. The debentures are redeemable with a 10% premium. The corporate taxation rate is 40%. Calculate the cost of debentures.

**P.T.O.**

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3. Describe the types of Leverages. 15

वित्तीय तरफच्या संक्षिप्त वर्णन करा.

Or

(किंवा)

A simplified income statement of Zenith Ltd. is given below. Calculate and interpret its degree "Income Statement of Zenith Ltd. for the year to 31st March, 2022" :

Sales	10,50,000
Variable Cost	7,67,000
Fixed Cost	75,000
Interest	1,10,000
Tax	30%

Calculate :

(A) Operating leverage

(B) Financial leverage.

4. Define dividend. Explain the types of dividend policy. 15

लाभांशाची व्याख्या द्या. लाभांश धोरणाचे प्रकार विशद करा.

Or

(किंवा)

XYZ Ltd. has given the following particulars. You are required to prepare a cash budget for three months ending 31st December 2022 :

Months	Sales (₹)	Materials (₹)	Wages (₹)	Overheads (₹)
August	40,000	20,400	7,600	3,800
September	42,000	20,000	7,600	4,200
October	46,000	19,600	8,000	4,600
November	50,000	20,000	8,400	4,800
December	60,000	21,600	9,000	5,000

- (1) Sales—10% sales are on cash basis 50% of the credit sales are collected next month and the balance in the following months.
- (2) Creditors—Materials 2 months, wages 1/5 month, Overheads 1/2 month.
- (3) Cash balance on 1st October, 2022 is expected to be ₹ 8,000.
- (4) A machinery will be installed in August 2022 at a cost of ₹ 1,00,000. The monthly instalment of ₹ 5,000 is payable from October onwards.
- (5) Dividend at 10% on preference share capital of ₹ 3,00,000 will be paid on 1st December, 2022.
- (6) Advance to be received for sale of vehicle ₹ 20,000 in December.
- (7) Income tax (advance) to be paid in December ₹ 5,000.

5. Write short notes on any *two* of the following :

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- (i) Zero working capital approach
- (ii) Retained earnings
- (iii) Gordon's model
- (iv) Walter's model.

खालीलपैकी कोणत्याही दोनवर थोडक्यात टिपा लिहा :

- (i) शुन्य कार्यरत भांडवल दृष्टिकोन
- (ii) हातातील शिल्लक
- (iii) गॉर्डनचा नमुना
- (iv) वॉल्टर्स नमुना.