

FINANCIAL MANAGEMENT

MCom (Final)

Paper-20

M. Marks : 100

Time : 3 Hrs.

Note: There will be three sections of the question paper. In section A there will be 10 short answer questions of 2 marks each. All questions of this section are compulsory. Section B will comprise of 10 questions of 5 marks each out of which candidates are required to attempt any seven questions. Section C will be having 5 questions of 15 marks each out of which candidates are required to attempt any three question. The examiner will set the questions in all the three sections by covering the entire syllabus of the concerned subject.

Course Inputs

- UNIT-I** Evaluation of Finance, Objectives of the Firm-Profit Max, And Wealth Max, Functions of Financial Management, Organisation of the Finance Function, Cost of Capital: Definition and Concepts, Measurement, the weighted average cost of Capital; Leverage: Operating and Financial, Combined Leverage.
- UNIT-II** Capital Budgeting, Meaning, Importance, Rational of Capital Budget, Nature of Investment Decision, The Administrative framework, methods of appraisal, Capital Rationing, Inflation and Capital Budgeting; Capital budgeting under Risk and Uncertainties.
- UNIT-III** Working Capital Management, Concept, Need, Determinants, Finance mix for working capital, Estimating working capital needs, Cash management; The Cash Budget, Techniques of cash management and marketable securities; Management of receivables; Objectives, Factors affecting policies for managing accounts receivables; Inventory Management; Objectives, Inventory Management techniques.
- UNIT-IV** Financing Decisions: Capital Structure Theories, taxation and capital structure; Planning the capital structure, Factors affecting capital structure, E.B.I.T.-E.P.S. analysis, ROI-ROE analysis, Assessment of Debt Capacity, Capital Structure Policies in Practice.
- Dividend Decision: Theories of Dividends-traditional position, Gordon Model, Walter model, M.M. Model, Radical Model, Factors affecting dividend policy, stock dividends and stock splits, Repurchase of stock procedural and legal aspects of dividends.
- UNIT-V** Sources of Working Capital Funds: Accruals, trade, credit, commercial banks advances, public deposits, Inter corporate deposits, short term loans from financial institution, right debentures for working capital, commercial papers and factoring.
- Regulation of Bank Finance:-Recommendations of Latest Committee.