

2023

M.A. 2nd Semester Examination**COMMERCE****Paper – COM- 204 (CBCS)****(Special Exam)***Full Marks: 40**Time : 2 Hours**The Figures in the right-hand margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.**Illustrate the answers wherever necessary.***Paper: COM- 204.1**

1. Answer any two questions of the following: 5 x 2
- (a) What are the operational functions of finance? Discuss in brief. 5
- (b) What is the scope of Finance as a discipline? 5
- (c) Prove: $DOL = Contribution / EBIT$. 5
- (d) How can calculation of after-tax cost of redeemable debentures be modelled using the techniques of present value and discounted cash flow? 5
2. Answer any one question of the following: 10 x 1
- (a) Discuss in brief the non-traditional and innovative long-term sources of fund. 10

(b) A company has the following capital structure:

Sources of fund	Book value (Rs.)	Market value (Rs.)	After-tax cost of capital
Equity share	1500000	2500000	12%
Reserve	500000	--	12%
Preference share	400000	410000	10%
Debentures	600000	598000	8%

Calculate overall cost of capital, based on book-value weights and market-value weights.

10

Paper: COM- 204.2

3. Answer any two of the following:

5 x 2

(a) Briefly write the operating cycle concept in Working Capital determination

Of a manufacturing firm

(b) Briefly explain any two factors determine the dividend policy of a firm

(c) Briefly explain the Gordon's Dividend policy

(d) What is Pay Back period in long term investment decision? Explain