

( 4 )

(ii) Find out maximum permissible bank finance of Big Firm Pvt. Ltd. from the following information :

Liabilities	( ₹ )	Assets	( ₹ )
Capital	10,00,000	Plant & Machinery	6,00,000
Profit & Loss Account	2,00,000	Long term investment	4,00,000
Bank Loan	4,00,000	Stock	4,75,000
Creditors	1,50,000	Debtors	2,75,000
		Cash & Bank	50,000

6+4

★ ★ ★

Total Pages—04

PG/2nd Sem/COM-201/24

**2024**

**M.Com. 2nd Semester Examination (Old)**

**COMMERCE (CCAE)**

**PAPER : COM-201**

**( Advanced Financial Management )**

*Full Marks : 40*

*Time : 2 hours*

*The figures in the right-hand margin indicate marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

*Illustrate the answers wherever necessary.*

*Answer from both the Sections*

**SECTION-A**

**( COM-201.1 )**

1. Answer any **two** questions : 5×2=10

(a) Distinguish among positive leverage, negative leverage and zero leverage. 5

(b) Is cost of reserve zero? Give reason behind your answer and come to a conclusion.

1+4

( 2 )

(c) Write a short note on 'shareholders value added'. 5

2. Answer any **one** question : 10×1=10

(a) (i) What are the limitations of the profit maximization concept behind objectives of financial management? Discuss in brief.

(ii) Using the concept of Agency theory, restate shareholders' wealth maximization. 5+5

(b) X Co. Ltd. issues 50000 numbers of 12% debentures of ₹100 each at a discount of 10%, which are to be redeemed as per the following stated schedule :

After 4 years from the time of issue at par,

After 5 years from the time of issue at a premium of 5%, and

After 6 years from the time of issue at a premium of 10%.

Loss on issue of debentures is to be amortized against profit equally over the last three years as it is expected that debenture holders would opt for redemption equally in the three given options of redemption. If the marginal income tax rate is 30% and interest on debentures is paid annually at the end of each year, calculate after-tax cost of capital of debentures. 10

/1148

(Continued)

( 3 )

**SECTION-B**

( COM-201.2 )

3. Answer any **two** questions : 5×2=10

(a) (i) What is the objective of working capital management?

(ii) Mention raw material holding period from the following information :

I. Opening raw material : ₹20,000

II. Closing raw material : ₹15,000

III. Annual raw material purchase : ₹9,00,000

IV. Consider 360 days in a year 2+3

(b) State MM hypothesis. Prove the hypothesis. 1+4

(c) What is aggressive approach of financing working capital? State the difference between aggressive and conservative approach of financing working capital. 3+2

4. Answer **any one** question : 10×1=10

(a) Discuss five important factors of dividend policy. 10

(b) (i) Write a note on three important sources of financing working capital.

/1148

(Turn Over)