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PKC/PG/III/ON/C-COM-304

2021

M.Com

3rd Semester Examination

Fundamental of Finance

PAPER – C-COM - 304

Full Marks -40

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

UNIT- I

Answer any two of the following questions (2 X 10 Marks)

1. State briefly the operational functions of finance.
2. Discuss the various short term sources of finance.
3. Calculate DOL, DFL and DCL from the following information and also comment on results.

Interest	Rs. 5000
Sales	Rs. 50,000 (1000units)
Variable Cost	Rs. 25,000
Fixed Cost	Rs. 15,000
4. A company issued 10% Debenture for Rs. 2, 00,000. Rate of tax is 55%. Calculate the cost of debt after tax if the debentures are issued (i) at par, (ii) at a discount of 10%, and (iii) at a premium of 10%.

UNIT- II

Answer any two of the following questions (2 X 10 Marks)

5. Discuss briefly the different factors that influence the requirement of working capital.
6. Define the Pay Back Period. A project requires an investment of Rs. 100,000 with a life of 10yrs and yields expected annual net cash inflow of Rs. 25,000. Calculate payback period.
7. Critically discuss the Walter model of dividend policy.
8. ABC Ltd. has a cost of equity capital of 10%, the current market value of the firm (V) is Rs. 20, 00,000 (@Rs, 20 per share). Assume values per I (new investment), Y (earnings) and D (dividend) at the end of the year as I= Rs. 6, 80,000, Y= Rs. 150,000, and D= Rs 1 per share.
Show that under M-M assumption, the payment of D does not affect the value of the firm.

(Send your answer script in PDF format to the email id - pgcom@pkcollegecontai.ac.in)
