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BRAINWARE UNIVERSITY

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Brainware University
398, Ramkrishnapur Road, Barasat
Kolkata, West Bengal-700125

Term End Examination 2024-2025

Programme – M.Com.(BFA)-2024

Course Name – Financial Management and Business Valuation

Course Code - MBF20109

(Semester II)

Full Marks : 60

Time : 2:30 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

(i) Define the term "Financial Management."

- | | |
|--|--|
| a) Management of finances in a company | b) Planning and controlling financial activities |
| c) Control of financial maret | d) Investment strategy development |

(ii) Identify the primary objective of financial management.

- | | |
|----------------------------------|------------------------------|
| a) Maximizing shareholder wealth | b) Minimizing expenses |
| c) Increasing Fame | d) Enhancing product quality |

(iii) Cite an example of a security that is typically valued using CAPM.

- | | |
|-------------------|------------------|
| a) Stock | b) Treasury bond |
| c) Corporate bond | d) Mutual fund |

(iv) Classify the types of risk considered in the CAPM model.

- | | |
|-----------------------------------|--------------------------------|
| a) Systematic and unsystematic | b) Market and credit risk |
| c) Operational and financial risk | d) Strategic and business risk |

(v) Select the correct formula to calculate the expected return using CAPM.

- | | |
|--|---|
| a) Expected Return = Risk-free Rate + Beta *
(Market Return - Risk-free Rate) | b) Expected Return = Risk-free Rate + Market
Return |
| c) Expected Return = Beta * Market Return | d) Expected Return = Risk-free Rate + Beta *
Market Return |

(vi) Calculate the risk premium for an investment if the risk-free rate is 3% and the expected return is 8%.

- | | |
|---------|---------|
| a) 0.05 | b) 0.03 |
| c) 0.09 | d) 0.12 |

(Long Answer Type Questions)

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5 x 6=30

7. Analyze the nature and scope of financial management and its importance in corporate strategy. (5)
8. Evaluate the significance of the weighted average cost of capital (WACC) in investment appraisal. (5)
9. Estimate the total dividends distributed by a firm that pays a ₹3 dividend per share to 50,000 shares. (5)
10. Describe the relationship between working capital and company profitability. (5)
11. Calculate the NPV of a project in Ganesh that requires an investment of ₹25,000 and estimated cash inflows from the project are ₹9,000, ₹8,000, ₹7,000, ₹6,000, and ₹5,000 respectively for 5 years. The required rate of return on investment is 10%. (5)
12. Estimate the working capital turnover ratio for a company with sales of ₹600,000 and working capital of ₹150,000. (5)

OR

Argue the implications of effective receivables management on cash flow and working capital. (5)
