



BRAINWARE UNIVERSITY

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

Term End Examination 2023

Programme – B.Com.(BF)-Hons-2021

Course Name – Fundamentals of Financial Management

Course Code - BCMC403

(Semester IV)

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) Which among the following method is related to the NPV method? (Identify The correct answer)
- a) Payback period
b) Accounting rate of return
c) Going concern
d) Profitability index
- (ii) What is the debt-to-equity ratio? (Identify The correct answer)
- a) Long term debt/total equity
b) Total debt/total equity
c) Short term debt/total equity
d) current liabilities to total equity
- (iii) Identify the concept related to annuity among the following: PV, FV, FVIFA, risk.
- a) PV
b) FV
c) risk
d) FVIFA
- (iv) Which among the following cannot be attributed to an individual's time preference for money? (Identify among the following)
- a) Risk
b) Preference for consumption
c) Investment opportunities
d) Natural calamities
- (v) Which of the following is not a specific risk factor? Identify.
- a) Company strike
b) Bankruptcy of a major supplier
c) Death of a key company officer
d) Industrial recession
- (vi) The only feasible purpose of financial management is _____. (Identify among the following)
- a) Sales maximization
b) Profit maximization
c) Asset maximization
d) Wealth Maximization
- (vii) How long does it take to double your money if it grows at 12% annually? (Identify among the following)
- a) 5 years
b) 6 years
c) 7 years
d) 8 years

8. Describe the loan amortization table with example. (5)
9. Describe the net operating income approach of capital structure. (5)
10. On 1 January 2013, Mr Y.P. Sinha purchased 100 shares of L&T at Rs.212 each. During the year, he received total dividends of Rs.700. Mr. Sinha sold all his shares at Rs.215 each on 31 December 2013. Calculate Mr. Sinha's (i) capital gain amount, and (ii) total return in (a) rupee amount and (b) percentage. (5)
11. Calculate the present value of Rs. 700 each paid at the end of each of the next six years. (5)
Assume an 8 per cent of interest..
12. A company paid a dividend of Rs.3.70 in the previous year. The dividends in the future are expected to grow perpetually at a rate of 8 per cent. Find out the share's price today if the market capitalises dividend at 12 per cent? (5)

OR

Dividend now is Rs. 4.48 and equity capitalization rate is 17%. Find the value of the share if (5)
the dividend growth is zero percent.

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