

Total No. of Questions: 6

Total No. of Printed Pages: 2

Enrollment No.....



Faculty of Commerce
End Sem Examination May-2024
CM3EA08 Corporate Financial Policy

Programme: B.Com. (Hons.) Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- Q.1 i. Financial decision involves _____. **1**
(a) Investment, financing and dividend decisions
(b) Investment, financing and sales decisions
(c) Financing, dividend and cash decisions
(d) None of these
- ii. The firm's investment decision is also called as the- **1**
(a) Financial decision (b) Capital decision
(c) Budgeting decision (d) None of these
- iii. The cost of equity shares or debt is known as _____. **1**
(a) The specific cost of capital
(b) The related cost of capital
(c) The burden on the shareholder
(d) None of these
- iv. Which of the following factors affecting the cost of capital can be controlled by the firm? **1**
(a) Tax rates (b) Dividend policy
(c) Level of interest rates (d) All of these
- v. The basic goal of a firm is to- **1**
(a) Maximize revenue (b) Maximize welfare of its employees
(c) Maximize profit (d) Maximize output
- vi. The value of firm in wealth maximization goal measured by- **1**
(a) Present value of all expected future cash flows
(b) All expected future cash flow
(c) Present value of all expected future profit
(d) None of these

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- vii. Types of mergers- **1**
(a) Vertical merger (b) Horizontal merger
(c) Concentric merger (d) All of these
- viii. Market for corporate control includes- **1**
(a) Merger (b) Privatization
(c) Acquisition (d) All of these
- ix. Listed companies can be valued at- **1**
(a) Book value (b) Market value
(c) Salvage value (d) Liquidation value
- x. Book value of assets includes- **1**
(a) Fixed assets, current asset
(b) Fixed assets, current asset, intangible asset
(c) Fixed assets, current asset, fictitious asset
(d) Fixed assets, current asset, intangible asset, fictitious asset
- Q.2 i. What do you mean by financial policies? **2**
ii. Describe the factors to be considered in formulating the policy **8**
OR iii. Explain the managerial functions of corporate financial policies. **8**
- Q.3 i. What do you mean by cost of capital? **2**
ii. What is the significance of cost of capital? Explain the types of capital. **8**
OR iii. Describe the computation of cost of capital. **8**
- Q.4 i. What do you mean by corporate financial goal? **2**
ii. Write a short note on: **8**
(a) Profit maximization (b) Wealth maximization
OR iii. Explain the growth of single product and multi product company. **8**
- Q.5 i. What do you mean by merger negotiation? **2**
ii. Explain financial evolution of merger. **8**
OR iii. Explain different types and benefits of merger. **8**
- Q.6 Attempt any two: **5**
i. Explain method of corporate valuation. **5**
ii. Explain different approaches of corporate valuation **5**
iii. Write a short note on: **5**
(a) Valuation of bond (b) Valuation of assets

P.T.O.

Marking Scheme
Corporate Financial Policy (T) - CM3EA08 (T)

Q.1	i)	a) investment, financing and dividend decisions	1
	ii)	b) Capital decision	1
	iii)	a)The specific cost of capital	1
	iv)	b)Dividend policy	1
	v)	c)maximize profit	1
	vi)	c) Present value of all expected future profit	1
	vii)	d)all of these	1
	viii)	d)all of these	1
	ix)	b) Market value	1
	x)	b) Fixed assets, current asset, intangible asset	1
Q.2	i.	Meaning	2 Marks
	ii.	8 Factors	(1 Mark *8)
	iii.	8 Function	(1 Mark*8)
OR	iv.	Meaning	2 Marks
Q.3	i.	Meaning	2 Marks
	ii.	Significance Types	2 Marks 6 Marks
OR	iii.	Stepwise Mark	8 Marks

Q.4	i.	Meaning	2 Marks
	ii.	Each role	(4 Marks*2)
OR	iii.	Single Product Multi Product	4 Marks 4 Marks
Q.5	i.	Mean....	2 Marks
	ii.	Financial evolution stepwise	8 Marks
OR	iii.	4 Types & 4 Merjer	8 Marks
Q.6			
	i.	Each Method	(1 Mark*5)
	ii.	5 Approach	(1 Mark*5)
	iii.	Short Note	(2.5 Marks*2)
