

OMMS/M-14
FINANCIAL MANAGEMENT
Paper: CP-204
(Old Syllabus - Reappear)

Time: Three Hours]

[Maximum Marks: 70

Note: Attempt five questions in all. Q. No. 1 is compulsory All questions carry equal marks.

1. Explain briefly :

- (a) Optimum capital structure.
- (b) Systematic risk.
- (c) Hedging concept.
- (d) Operating leverage.
- (e) Equity capital.
- (f) Gross working capital.
- (g) VED analysis.

2. Explain in detail the objectives of Financial Management.

3. Explain the factors which affect the capital structure planning of the organization.

4. Case Study :

There are two exclusive capital expenditure proposals before a professionally managed company. The cost of capital for the proposal is 15%. The finance director considers that the NPV method should be relevant, whereas the managing director feels that IRR method is most appropriate for choosing from the alternatives. Following are the details of the two proposals.

Year	Cash Flows	
	Proposal A	Proposal B
0	-200	-200
1	35	216
2	80	10
3	90	10
4	70	4
5	20	4

You are required to calculate :

- (a) NPV and IRR of each project.
- (b) Recommend with reasons which project you would suggest ?

5. Explain in detail various sources of finance available to support working capital needs.
6. Write short notes on the following :
 - (a) Financial Modelling.
 - (b) EOQ model.
7. Explain the various approaches for determining the financing mix of a firm.
8. What do you mean by Weighted Average Cost of Capital ? How it is calculated ? Explain.