



NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE

Assignment — June, 2020

COMMERCE

Paper - XVIII : Financial Management

QUESTION PAPER CUM ANSWER BOOKLET

(Full Marks : 50)

(Weightage of Marks : 20%)

Special credit will be given for precise and correct answer. Marks will be deducted for spelling mistakes, untidiness and illegible handwriting. The figures in the margin indicate full marks.

Name (in Block Letter) :

Enrolment No.

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Study Centre Name : Code :

To be filled by the Candidate	Serial No. of question answered																			TOTAL
For Evaluator's only	Marks awarded																			

Q.P. Code : **PA/5/XVIII**

PG-COM.-AP-17094

Signature of Evaluator with Date



NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE

Assignment — June, 2020

COMMERCE

Paper - XVIII : Financial Management

STUDENT'S COPY

Name (in Block Letter) :

Enrolment No.

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Study Centre Name : Code :

Q.P. Code : **PA/5/XVIII**

PG-COM.-AP-17094

Received Answer Booklet
Signature with seal by the Study-Centre

**জরুরি নির্দেশ / Important Instruction**

আগামী শিক্ষাবর্ষান্ত পরীক্ষায় (T.E. Exam.) নতুন ব্যবস্থা অর্থাৎ প্রশ্নসহ উত্তর পুস্তিকা (QPAB) প্রবর্তন করা হবে। এই নতুন ব্যবস্থার সঙ্গে পরীক্ষার্থীদের অভ্যস্ত করার জন্য বর্তমান অনুশীলন পত্রে নির্দেশ অনুযায়ী প্রতিটি প্রশ্নের উত্তর নির্দিষ্ট স্থানেই দিতে হবে।

New system i.e. Question Paper Cum Answer Booklet (QPAB) will be introduced in the coming Term End Examination. To get the candidates acquainted with the new system, assignment answer is to be given in the specified space according to the instructions.

**Detail schedule for submission of assignment for the
PG Term End Examination June-2020**

1. Date of Publication : 20/06/2020
2. Last date of Submission of answer script by the student to the study centre : 19/07/2020
3. Last date of Submission of marks by the examiner to the study centre : 16/08/2020
4. Date of evaluated answer scripts distribution by the study centre to the students (Students are advised to check their assignment marks on the evaluated answer scripts and marks lists in the study centre notice board. If there is any mismatch / any other problems of marks obtained and marks in the list, the students should report to their study centre Co-ordinator on spot for correction. The study centre is advised to send the corrected marks, if any, to the COE office within five days. No change / correction of assignment marks will be accepted after the said five days.) : 23/08/2020
5. Last date of submission of marks by the study centre to the Department of C.O.E. on or before : 31/08/2020

এখানে কিছু লিখবেন না

Do Not Write Anything Here



MODULE - I

Answer any *two* questions :

$12 \frac{1}{2} \times 2 = 25$

1. a) Why does money have time value ?
- b) Discuss the factors that influence the choice of source of finance. $6 + 6 \frac{1}{2}$
2. a) What do you understand by value maximisation of the firm ? Why is it considered as a superior objective of the firm ?
- b) Describe the Net Operating Income Theory of Capital Structure Planning.

$(4 + 4) + 4 \frac{1}{2}$

3. a) Calculate the combined leverage from the following information under situation A & B and financial plans I & II.

Actual production and sales 75% of the capacity.

Installed capacity — 8000 units

Selling price — Rs. 30 per unit

Variable cost — Rs. 15 per unit.

Fixed cost :

For A : Rs. 15,000

For B : Rs. 20,000.

Capital structure :

	I	II
	Rs.	Rs.
Equity capital	20,000	25,000
10% Debenture	10,000	5,000
	<u>30,000</u>	<u>30,000</u>

How are these values useful to the Finance Manager of the company ?

- b) How do you calculate the cost of retained earnings ? $8 \frac{1}{2} + 4$
4. a) Explain the role of a Finance Manager in a modern business.
- b) What is dividend decision ? $12 \frac{1}{2}$

First Answer :



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Second Answer :



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MODULE - II

Answer any *two* questions :

$$12 \frac{1}{2} \times 2 = 25$$

5. a) What are the various types of investment decision ?
b) What do you mean by (i) accept-reject decision, and (ii) ranking decision ? $8 + 4 \frac{1}{2}$
6. a) How do you measure the expected return and individual risk ?
b) Explain briefly, the basic principles of portfolio management. $8 + 4 \frac{1}{2}$
7. a) Explain the importance of dividend decision in maximising the value of the firm.
b) What are the different methods of project evaluation ? $6 + 6 \frac{1}{2}$
8. A firm is considering pushing up its sales by extending credit facilities to the following categories of customers :
- i) Customers with a 10% risk of non-payment
ii) Customers with a 30% risk of non-payment.

The incremental sales expected in case of category (i) are Rs. 50,000 while in case (ii) they are Rs. 60,000. $12 \frac{1}{2}$

First Answer :



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Second Answer :



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