

2018
COMMERCE
MCO 204
FINANCIAL MANAGEMENT AND POLICY

Full Marks: 80

Time: 3 Hours

The figures in the margin indicates full marks for the questions

- Q.1. Answer the following questions: 1x12=12
- i. DOL depend on Fixed cost, if fixed cost are higher ,DOL is _____ and if fixed cost are lower, DOL is _____
 - ii. Current assets are those assets which can be converted into _____ within a short duration, i.e generally 1 year.
 - iii. Net Working capital = _____
 - iv. Over-capitalization is a situation when the real value is higher than the book value in the assets of the company. (State True or False)
 - v. A finance manager has to maintain liquidity rather than profitability. (State True or False)
 - vi. The variable working capital varies with the volume of business . (State True or False)
 - vii. According to S.M. Shah, "Dividends are profits of trading company divided amongst members in proportion to their shows". (State True or False)
 - viii. EPS stands for?
 - ix. Dividend is given on:

- a) Share Capital
- b) Bond
- c) Debenture
- d) Loan

- x. Inflation reduces the investment profitability and slow down investment. (State True or False)
- xi. Define Interim Dividend.
- xii. There are no corporate taxes as per _____ approach.

Q.2. Answer the following questions : 5x4=20

- A. Explain Optimal capital structure
- B. Write a short note on Miller-ORR cash management model
- C. Explain the various forms of Dividend.
- D. Write a note on Inflation on Financial Management.

Q.3. Answer the following Questions: (any four) 4x12=48

- A. Classify Finance function and describe them.
- B. Define working capital. Explain the factors to be taken into account while determining working capital requirement 2+10=12
- C. Explain the concept of Under-capitalization? State the effect of under-capitalization on the share holders ,company and the society. 6+6=12
- D. Define Dividend Policy and explain its types.
- E. Explain briefly the effects of inflation on Profit, Working Capital, Current assets, Fixed assets and Liabilities.
- F. Critically analysis the M-M Dividend Policy.

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