

29/5/24



**DOON UNIVERSITY, DEHRADUN**  
**Mid Semester Examination, 2024**  
**School of Management**  
**B.Com. (Hons.) Fourth Semester**  
**Course: Financial Management**

COC-251

Time Allowed: 2 Hours

Maximum Marks: 50

**SECTION: A (Attempt all questions)**

1. Write short notes on (4x4= 16)
  - (a) leverage
  - (b) profit maximisation vs. Wealth maximisation
  - (c) Scope of financial management
  - (d) Net operating income approach
2. What is financial management? Discuss its functions. (5x1= 5)
3. The following are the details Selling price per unit ₹20 Variable cost per unit, ₹12 Actual sales 200 units, Installed capacity 300 units. Calculate operating leverage in each of the following two situations. (i) when fixed costs are Rs. 1000 (ii) when fixed costs are Rs. 800. (5x1=5)

**SECTION: B**

Attempt any three questions.

(Marks: 8 x3=24)

1. Discuss Modigliani- Miller approach in detail.
2. A company issued 1,000, 10% preference shares of Rs. 100 each. Cost of issue is Rs. 2/share. Calculate cost of preference capital, if these shares are issued: (1) at par (2) at 5% premium (3) at 2% discount.
3. A company has issued 10,000 ten years 8% debentures of Rs. 100 each at 4% discount. Under the terms of debenture trust, these debentures are to be redeemed after 10 years at 5% premium. The cost of issue is 2%. Calculate the cost of capital. Tax rate is 50%.
4. Elaborate Net income approach in detail.

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