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Composed & Solved by Iftikhar Ali Lecturer Statistics, Finance & Accounting

Paper	Financial Management	Standard	MCOM
Board/University	University of Sargodha	Code	MCM-507
Year	2017 1 st Annual	Marks	100

Note: Question # 1 is compulsory. Attempt any four questions from the remaining. All questions carry equal marks.

Q No1: Explain the following terms (10 x 2= 20)

1. Financial Environment
2. Time Value of Money
3. Ordinary Annuity
4. Systematic Risk
5. Internal Rate of Return
6. Capital Budgeting
7. Opportunity Cost
8. Dividend Payout Ratio
9. Earnings Per Share
10. Capital Structure

Q.No.2 (a) Comment on the role of management for financial resources at strategic level (formulation, implementation and evaluation of financial strategies) and how it affects the financial performance of corporate entity in the prevailing economic scenario of Pakistan?

(b) Your father opens an account for you and puts Rs. 35,000 into a bank account earning 4.00%. You are not to withdraw the money until the balance has doubled. About how many years will you have to wait?

Q.No.3 What is meant by Risk? Elaborate risk mitigation techniques and Risk Mitigation Process.

Q.No.4(a) Explain CAPM and its application in emerging economies like Pakistan

(b) Your company's goal is to have an ending cash balance each month of Rs. 100,000. For March, you had to borrow Rs. 22,000 to meet this goal. For April, you had a net cash flow of Rs. 74,000. For May, you have a net cash flow of Rs. 76,000. Given your company's goal, what is cumulative borrowing for March to May?

Q.No.5 What is meant by Time Value of Money? Elaborate the importance of Time Value of Money as financial Manager by explaining key responsibilities (of Finance Manager).

Q.No.6 ABC Co. is planning to extend its existing product line by making an investment (considering a capital budgeting project) with a cost of capital of 10% and the following, expected cash flow pattern:

Time	0	1	2	3	4	5
Cash Flow	100	25	50	50	25	10

Required:

- (a) Calculate the NPV and comment should the firm accept the project?
- (b) Calculate Profitability Index, according to this criterion, should the firm accept the project?
- (c) Calculate the payback, is this project is acceptable if company has PBP criteria of 3 years.

Q.No.7. Write a note on the following (a) Capital Structure (b) Dividend Policy

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