**SESSION AUG-SEP 2022**

**PROGRAM BACHELOR OF COMMERCE (BCOM)**

**SEMESTER III**

**COURSE CODE &amp; NAME DCM2102- FINANCIAL MANAGEMENT**

**CREDITS 4**

**Assignment Set – 1**

**1. An investor deposits Rs 100 in a bank account for 5 years at 8 per cent interest. Find out the amount which he will have in his account if interest is compounded**

**(a) Annually**

**(b) Semi-annually (6-monthly),**

**(c) Quarterly and**

**(d) Continuously.**

**Ans:**

**2. Discuss various discounted cash flow and non-discounted cash flow methods of evaluating capital budgeting decision with suitable example.**

## Ans: CAPITAL BUDGETING TECHNIQUES / METHODS

There are different methods adopted for capital budgeting. The traditional methods or non discount methods include: Payback period and Accounting rate of return method. The discounted cash flow method includes the NPV method, profitability index method and IRR.

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whatsapp no 8791490301.

**3. Examine critically different approaches to the calculation of cost of equity capital. How is the cost of capital relevant in capital budgeting decisions?**

**Ans:** To determine the cost of equity the following two models are used:

• Dividend Model

• Capital Asset Pricing Model

**Let’s look at them.**

**Dividend Model**

The equation with growth in the dividend can be solved by and the value of Ke can be calculated with the

**Assignment Set – 2**

**4. a) Length of operating cycle is a major determinant of working capital needs of a business firm. Explain.**

**Ans:**

**Operating Cycle Method** This method is based on the duration of the operating cycle. The time taken from purchases of raw material to its conversion into cash is known as operating cycle time. In other words, it is the cycle of raw material to WIP to finished goods to accounts payable and finally to cash

**5. What are the objectives of inventory management? Discuss various Inventory Management Techniques.**

**Ans:**

**Inventory control** techniques employed by the organization are the basic inventory models, viz., fixed order quantity or fixed order period. Inventory control techniques represent the operational aspect of

**6. Discuss various short-term and long-term sources of finance for firm.**

**Ans:** **Long term finance** or long-term capital forms the financial foundation of a firm. It is important because it is the only source of financing for the firm up to the income generating stage. It is required to finance