**ASSIGNMENT**

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| **SESSION** | **MarCh 2023** |
| **PROGRAM** | **BACHELOR of Commerce (BCOM)** |
| **SEMESTER** | **III** |
| **course CODE & NAME** | **DCM2102 – Financial management** |
| **CREDITS** | **4** |
| **nUMBER OF ASSIGNMENTS & Marks** | **02****30 Marks each** |

**Assignment Set – 1**

**1. Explain the functions of a financial manager in any organization.**

**Ans 1.**

**Functions of a financial manager**

A finance manager is a person who is responsible for carrying out the functions of a finance department.

The main functions of finance managers:



**Organization of Finance Function**

**Raising of Funds:**

This is a very important function of the finance manager. He has to plan for raising funds as

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**2. Calculate the present value of the following cash flows assuming a discount rate of 10% per annum.**

|  |  |
| --- | --- |
| **Year** | **Cash flows [₹]** |
| **1** | **10000** |
| **2** | **20000** |
| **3** | **30000** |
| **4** | **40000** |
| **5** | **50000** |

**Ans 2.**

The present value (PV) of future cash flows can be calculated using the formula:

PV = CF / (1 + r)^n

where:

* PV is the present value
* CF is the cash flow in the future
* r is the discount rate

**3. Explain the significance of the concept of cost of capital. Discuss different component of cost of capital with example.**

**Ans 3.**

**Significance of cost of capital**

The concept of cost of capital is used frequently in taking financial decisions such as investment, financing, credit decisions etc. Let us understand the significance for each of them.

**1. Investment Decisions:** When a firm has to evaluate an investment opportunity it uses the cost of capital for discount the cash flows expected from the project over its life time. Even if

**Assignment Set – 2**

**1. What are the sources of finance? Discuss the short term and long term sources of finance for the firm.**

**Ans 1.**

**Sources of finance**

The world is well aware of the importance of good financial managers. As a result, there is abundant advice on how to become a financial manager. Financial management is a blend of art and science through which the important decisions are taken: what to invest in, how to finance it, and how to combine the two in order to maximise some

**3. What is Working capital management? Discuss various factors that affect working capital requirement?**

**Ans 3.**

**Working capital management**

The effort of management which goes towards effective management of current assets and current liabilities is termed as working capital management (WCM). It is the difference between current assets and current liabilities. In other words, efficient WCM means ensuring sufficient liquidity in the business to be able to meet day-to-day expenses and short term