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| **SESSION** | **Sep 2023** |
| **PROGRAM** | **BACHELOR of cOMMERCE (bcom)** |
| **SEMESTER** | **III** |
| **course CODE & NAME** | **DCM2102 – Financial management** |
| **CREDITS** | **4** |

**Assignment Set – 1**

**Questions**

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

**Ans:** Financial managers play a crucial role in the financial health and success of an organization. Their responsibilities are diverse and cover various aspects of financial management.

**Here are the key functions of a financial manager:**

**Financial Planning:** Develop and implement financial plans that align with the organization's strategic Its Half solved only

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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:The present value of future cash flows can be calculated using the formula for the present value of a series of cash flows:**

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

**Ans:**The cost of capital is a critical concept in financial management that reflects the minimum rate of return a company must earn on its investments to satisfy its investors, whether they are shareholders, debt holders, or other sources of financing. It represents the cost a company

**Assignment Set – 2**

**Questions**

**4. Explain the sources of finance. Discuss the short term and long term sources of finance for the firm.**

**Ans:**Sources of finance refer to the various means through which a business or firm acquires the funds necessary for its operations, expansions, or investments. These sources can be broadly categorized into short-term and long-term sources based on the time frame for which the funds are obtained.

**Short-Term**

**5.The details regarding three companies are given below:**

|  |  |  |
| --- | --- | --- |
| **X Ltd** | **Y Ltd** | **Z Ltd.** |
| **r = 12%** | **r = 8%** | **r = 10%** |
| **Ke = 10 %** | **Ke = 10 %** | **Ke = 10 %** |
| **E = Rs. 100** | **E = Rs. 100** | **E = Rs. 100** |

**Compute the value of an equity share of each of these companies applying Walter’s formula when the dividend pay-out ratio is (a) 0%, (b) 20%, (c) 40%,**

**Ans:** Walter's formula is used to determine the value of a firm's equity shares based on the relationship between the required rate of return (Ke), the internal rate of return (r), and the dividend per share (D).

**The Walter's**

**6. Explain Working capital management. Discuss various factors that affect working capital requirement?**

**Ans: Working capital management** refers to the administration of an organization's short-term assets (current assets) and liabilities (current liabilities) to ensure the efficient operation of day-to-day business activities. It involves maintaining a balance between liquidity and profitability, as well as managing the