

# **Bachelor of Commerce**

**B.Com**

**CHOICE BASED CREDIT SYSTEM**

**BCOE – 143: FUNDAMENTALS OF FINANCIAL  
MANAGEMENT**

**ASSIGNMENT**

**2022-2023**

**Valid from 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023**

**Fifth Semester**



**School of Management Studies**

**Indira Gandhi National Open University**

**Maidan Garhi, New Delhi -110068**



**BACHELOR OF COMMERCE  
CHOICE BASED CREDIT SYSTEM  
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Dear Students,

As explained in the Programme Guide, you have to do one Tutor Marked Assignment in this Course. The assignment has been divided into three sections. Section A Consists of long answer questions for 10 marks each, Section B consists of medium answer questions for 6 marks each and Section C consists of short answer questions for 5 marks each.

Assignment is given 30% weightage in the final assessment. To be eligible to appear in the Term-end examination, it is compulsory for you to submit the assignment as per the schedule. Before attempting the assignments, you should carefully read the instructions given in the Programme Guide.

1. Those students who are appearing in December 2022 Term End Examination they have to submit latest by in 15th October 2022.
2. Those students who are appearing in June 2023 exams. They have to submit the same latest by 15th March 2023.

You have to submit the assignment of all the courses to the Coordinator of your Study Centre.

## TUTOR MARKED ASSIGNMENT

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<b>COURSE CODE</b>	<b>:</b>	<b>BCOE – 143</b>
<b>COURSE TITLE</b>	<b>:</b>	<b>FUNDAMENTALS OF FINANCIAL MANAGEMENT</b>
<b>ASSIGNMENT CODE</b>	<b>:</b>	<b>BCOE – 143/TMA/2022-23</b>
<b>COVERAGE</b>	<b>:</b>	<b>ALL BLOCKS</b>

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**Maximum Marks: 100**

**Note: Attempt all the questions.**

### Section – A

1. Discuss capital asset pricing model. (10)
2. A bond of Rs. 5,000 is redeemable after 10 years. The coupon rate of the bond is 12%. Find out the value of the bond if the required rate of return is 12%. The maturity of the bond is (a) 8 years (b) 10 years. (10)
3. Explain briefly the long term sources of finance. (10)
4. The cost of a project is Rs. 30,00,000 and its life is 5 years. The cash flows are given below: (10)

Years	Cash flows (₹)
1	4,00,000
2	6,00,000
3	6,00,000
4	10,00,000
5	8,00,000

The cost of capital is 10%. Find out the net present value of the project.

5. Explain the Walter's Valuation Model. (10)

### Section – B

6. Explain the factors affecting cost of capital. (6)
7. From the following data calculate degree of operating leverage of the firm 'A' (6)

Particulars	Firm 'A'
Sales	Rs. 40,00,000
Variable Cost	20% Sales
Fixed Cost	Rs. 10,00,000

8. Discuss M & M model of capital structure without taxes. (6)
9. Explain the assumptions and limitations of Gordon model. (6)
10. What is an operating cycle? Why is it important for the firm? (6)

### **Section – C**

- 11.** What is financial leverage? How is it measured? **(5)**
- 12.** Explain Baumol's model of cash management. **(5)**
- 13.** Explain 'Credit standard' and 'credit period'. **(5)**
- 14.** What is ABC analysis? **(5)**