Bachelor of Commerce

B.Com

CHOICE BASED CREDIT SYSTEM

BCOE – 143: FUNDAMENTALS OF FINANCIAL MANAGEMENT

ASSIGNMENT

2021-2022

Fifth Semester

School of Management Studies

Indira Gandhi National Open University

Maidan Garhi, New Delhi -110068

BACHELOR OF COMMERCE
CHOICE BASED CREDIT SYSTEM
BCOE – 143: FUNDAMENTALS OF FINANCIAL MANAGEMENT

ASSIGNMENT: 2021-22

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 2021 Term End Examination they have to submit latest by in 15th October 2021.
2. Those students who are appearing in June 2022 exams. They have to submit the same latest by 15th March 2022.

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

COURSE CODE	:	BCOE – 143
COURSE TITLE	:	FUNDAMENTALS OF FINANCIAL MANAGEMENT
ASSIGNMENT CODE	:	BCOE – 143/TMA/2021-22
COVERAGE	:	ALL BLOCKS

Maximum Marks: 100

Note: Attempt all the questions.

Section – A

Q-1 Explain the meaning and objectives of financial management. **(10)**

Q-2 Calculate the NPV of a project which has an initial investment of Rs. 20,00,000/-, having a life of five years. The cost of capital is 8%. Should the company accept the project? Explain the reasons. **(10)**

The cash inflows are as given below:

Years	Cash Inflows (₹)
1	2,00,000
2	3,00,000
3	3,00,000
4	2,00,000
5	4,00,000

Q-3 Explain the different approaches for calculating cost of capital. **(10)**

Q-4 From the following information, calculate the degree of financial leverage, degree of operating leverage and degree of combined leverage of a firm: **(10)**

Particulars	Amount (₹)
Sales (Units) 2,00,000	
Fixed Cost	90,000
Variable Cost per unit	40
Interest paid	3,00,000
Selling price/unit	300

Q-5 Explain Boumol's Model and Miller and Orr's Model of cash management. **(10)**

Section – B

Q.6 What is an operating cycle? Why is it important for the firm? **(6)**

Q.7 What are the objectives of credit policy of a firm? **(6)**

Q.8 What is economic order quantity? How is it calculated? **(6)**

Q.9 Discuss the advantages of lease financing. **(6)**

Q.10 Explain the concept of return. **(6)**

Section – C

Q.11 Write short notes on the following: **(5X4)**

a) Valuation of convertible bonds
b) Internal Rate of Return method
c) Walter's Model
d) Present Value