

**G.V.M.'s Gopal Govind Poy Raiturcar College of  
Commerce and Economics, Ponda Goa**

M.Com. Semester I

ISA I August 2023

**COM 500: Advance Financial Management**

Time: 1 hour

Marks: 20

**Q.no.1.** Answer **Any Five** of the followings.

**(2 marks each)**

- a) What are the objectives of Financial Management?
- b) List the functions of Financial Management.
- c) If a company requires increase in the EPS by 40 % for given Operating Leverage of 2 times and Financial Leverage of 4 times. Calculate the percentage change required in the sales.
- d) A company produces and sells 10,000 calculators. The selling price per calculator is Rs. 500. Variable cost per calculator is Rs. 200 and fixed operating cost is Rs. 20, 00,000. You are required to calculate Operating Leverage.
- e) Explain in brief the interface between finance and other business functions.
- f) What is Flootation Cost?

**Q.no.2. A. From the following information, calculate:**

**(5marks)**

- (i) EBIT
- (ii) EPS
- (iii) Operating leverage
- (iv) Financial leverage

Particulars		Fake ltd.	Real ltd.	Correct ltd.	Wrong ltd.
Sales Price Per Unit	₹	15	20	25	30
Variable cost	₹	10	15	20	25
Quantity	Nos.	20000	25000	30000	40000
Fixed cost	₹	30000	40000	50000	60000
Interest	₹	15000	25000	35000	40000
No. of Equity shares	Nos.	5000	9000	10000	12000

Cont...

**B. Calculate the WACC using the following data.**

**(5 Marks)**

The capital structure of the company is as under:

5000 debentures of 100 each

5000 Preference shares of 100 each

10000 equity shares of 100 each

**Additional information:**

1. Rs 100 per debenture redeemable at Premium of 2% over face value, 10% coupon rate, 4% flotation costs, 10 years of maturity.
2. Rs 100 per preference share redeemable at premium of 3% over face value, 5% coupon rate, 2% flotation cost and 10 years of maturity.
3. Equity shares have Rs 4 flotation cost.

OR

**C. Explain the concept of time value of money.**

**(5 marks)**