

M.Com 4th Semester Examination, 2021 (Regular and DDE)

**Subject: Commerce
Advanced Financial Management (AFM)**

(Paper: COM406F)

The figures in the margin indicate full marks.
Candidates are required to give their answers in their own words
as far as practicable

Time: 2 Hours

Full Marks: 40

Module I

Answer any two of the following questions. 10x2=20

1. (a) State the major points of difference between business risk and financial risk.
(b) The following data are available for Jimmy Amarnath Technology Ltd.:
Operating profit Rs. 3,00,000, Excess of sales revenue over variable cost Rs.6,00,000,
Interest on long term borrowings Rs. 1,00,000.
If the company's sales volume declines by 5 per cent, then what will be the
percentage change in earnings per share? (5+5)
2. (a) Enumerate the factors which have a bearing on the dividend policy of a company.
(b) Mention the rationale for stock split. (5+5)
3. Explain the various techniques used in incorporating risk factors in capital budgeting
decisions. (10)

Module II

Answer any two of the following

- 4 (a) Briefly outline the economics of merger.
(b) With the help of an example show the effect of merger on the EPS of the merged
firm. (5+5)
5. Write a note on 'demerger' showing that varying assumptions of growth in future cash
flows may influence decisions relating to it. (10)
6. Write short notes on:
(a) Finance lease
(b) Leveraged lease (5+5)

Note: Use the mail id: com406f@gmail.com to send your answer scripts.