

TB213570V

Reg. No :

Name :

BMS DEGREE (C.B.C.S) EXAMINATION, NOVEMBER 2022

(2021 Admissions Regular, 2020 Admissions Supplementary/Improvement, 2019 & 2018 Admissions Supplementary)

SEMESTER III - CORE COURSE (BACHELOR OF MANAGEMENT STUDIES (INTERNATIONAL BUSINESS))

MS3B11B18 - FINANCIAL MANAGEMENT

Time : 3 Hours

Maximum Marks : 80

Part A

I. Answer any Ten questions. Each question carries 2 marks

(10x2=20)

1. Identify the objectives of financial management.
2. Compare compounding and discounting value of money.
3. X Ltd issues Rs.50,000 8% debentures at premium of 10%. The tax rate applicable to company is 60%. Compute the cost of debt capital.
4. Explain cost of debt with formula.
5. A company issues 10,000 10% preference shares of Rs.100 each. Cost of issue is Rs.2 per share. Calculate cost of preference capital if shares are issued at par.
6. Recall your understanding on Capital rationing.
7. Explain IRR.
8. Explain combined leverage with formula.
9. Recall your understanding on trading on equity.
10. Enumerate any four factors effecting working capital.
11. Figure out any two demerits of having more working capital in a business.
12. Identify any two consequence that the business need to face in case of inadequate working capital in the business.

Part B

II. Answer any Six questions. Each question carries 5 marks

(6x5=30)

13. 2. X Ltd took a bank loan of 20,00,000 at the rate of 12%. The amount is repayable after 3 years. Compute the total amount if the interest is compounded : i. Annually, ii. Half yearly, iii. Quarterly
14. A Ltd wants to know the present value of Rs.100000 which will be received after 5 years as per the scheme. Assuming interest rate is 8%. Determine the present value of amount.
15. Discuss MM hypothesis of capital structure.
16. Calculate Creditors Turnover Ration from the following:
 - Total purchases: 4,00,000
 - Cash purchases(included in above): 50,000
 - Purchases returns: 20,000
 - Creditors at the end: 60,000
 - Bills payable at the end: 20,000
 - Reserve for discount on Creditors: 5,000
 - Take 365 days in a year.
17. Explain Walter's model of dividend theory.

18. Calculate Net present value of a project involving cash outlay of Rs.100000 and earns the annual cash inflows of Rs.35000, Rs.40000, Rs.30000 and Rs.50000, assuming the discounting rate of 15%.
19. Queen Ltd. has sales of 10,00,000, variable cost of 7,00,000 and fixed cost of 2,00,000 and debt of 5,00,000 at 10% rate of interest. Compute financial leverage and operating leverage.
20. Calculate EOQ from the following information: A manufacturing company uses (annual usage) Rs.1,00,000 materials per year. The administration cost per unit is Rs.100 Carrying cost is 20% of the average inventory.
21. Discuss the objectives of receivable management.

Part C

III. Answer any Two questions. Each question carries 15 marks

(2x15=30)

22. "Finance function is concerned with allocating funds to specific assets and obtaining the best mix of financing in relation to the overall valuation of firm." Discuss.
23. Briefly explain different factors influencing dividend decisions.
24. Ram Ltd whose cost of capital is 10% is considering two mutually exclusive project X & Y, each having an initial investment of Rs.70000. You are required to compute:
 1. NPV @ 10%
 2. PI
 3. Discounted pay-back period

Year	X (Cash inflows)	Y (Cash inflows)
1	10000	50000
2	20000	40000
3	30000	20000
4	45000	10000
5	60000	10000

25. Write a short note the tools and techniques of inventory management.