

TB205185V

Reg. No :

Name :

B. Com. DEGREE (C.B.C.S.) EXAMINATION, NOVEMBER 2022
2020 ADMISSIONS REGULAR AND 2019, 2018 ADMISSIONS SUPPLEMENTARY
SEMESTER V - CORE COURSE (COMMERCE)
(For B.Com (Finance & Taxation) and Capital Market)
CO5B18B18 - FINANCIAL MANAGEMENT

Time : 3 Hours

Maximum Marks : 80

Part A

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

(10x2=20)

1. What is private finance?
2. What is discounting technique ?
3. What are mortgaged debentures?
4. What are sweat equity shares?
5. Define cost of capital.
6. Define Payback period.
7. List out the limitations of payback period.
8. What is Hard Core Working Capital?
9. Define Operating cycle.
10. Prepare a short note on the Dividend policy.
11. What is Conservative dividend policy?
12. Briefly prepare a note on stock dividend.

Part B

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

(6x5=30)

13. What are the practical applications of time value of money?
14. Explain the factors determining capital structure planning.
15. Write a short note on (a) Factoring (b) Forfaiting
16. Following are the details of Aster Ltd
Operating leverage 1.4
Combined leverage 2.8
Fixed cost (excluding interest) Rs2, 04,000
Sales Rs30, 00,000
12% debentures Rs.21, 25,000
Equity share capital of Rs10/- each 17, 00,000
Income tax rate 30%
Calculate financial leverage and EPS
17. Discuss briefly the NPV method and state its merits in evaluating capital expenditure.
18. Write short notes on NPV and IRR.
19. Enumerate the factors determining working capital requirement of a firm.

20. From the following estimates, calculate average amount of working capital.

Particulars	Amount (Rs.)
Average amount locked up in stocks:	
Stock of materials	60,000
Stock of finished goods	30,000
Average credit given:	
Inland Sales (4 weeks)	2,60,000
Export Sales (2 weeks)	6,50,000
lag in payment for :	
Wages (1.5 weeks)	2,60,000
Materials and Overheads (4 weeks)	3,90,000

Add 15% to provision for contingencies.

21. What are the different types of dividend policies?

Part C

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

(2x15=30)

22. Define financial management. Explain the functions of financial management

23. "Financial leverage acts as a lever to magnify the effect of changes in operating income on EPS". Comment this statement with suitable examples.

24. M/s Radogi Ltd is considering the purchase of a machine. Two machines X and Y are available in the market each costing Rs.2,50,000. Earnings after taxation are expected to be as follows:

Year	Machine X (Rs.)	Machine Y (Rs.)
1	75,000	25,000
2	1,00,000	75,000
3	1,25,000	1,00,000
4	75,000	1,50,000
5	50,000	1,00,000

Evaluate the two alternatives according to : a) Payback period Method b) Net Present Value Method.

25. A proforma cost sheet of a company provides the following particulars:

Particulars	
Direct Material	40%
Direct Labour	20%
Overheads	20%

The following further particulars are available:

1. It is proposed to maintain a level of activity of 2,00,000 units
2. Selling price is Rs.12 per unit.
3. Raw materials in stock, on average, one month;
4. Materials in process on an average of half a month and is assumed to be consisting of 100% raw materials, wages and overheads.
5. Finished goods in stock, on average, one month.

6. Credit allowed by suppliers is one month;

7. Credit allowed to debtors is two months;

You may assume that sales and production follow a consistent pattern. You are required to prepare a statement of working capital requirement.