

TB243493N

Reg. No :

Name :

BACHELOR'S DEGREE (C.B.C.S) EXAMINATION, NOVEMBER 2024
2018, 2019, 2020, 2021, 2022 ADMISSIONS SUPPLEMENTARY
B.M.S SEMESTER III - CORE COURSE (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. Compare compounding and discounting value of money.
2. Mention any two uses of financial management.
3. 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 premium of 10%.
4. 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 discount of 5%.
5. X Ltd issues Rs.50,000 8% debentures at par. The tax rate applicable to company is 50%. Compute the cost of debt capital.
6. Determine the pay-back period for a period which requires a cash outlay of Rs.10,000. and generate cash inflows of amount 2000, 4000, 3000 and 2000 in the 1st, 2nd, 3rd and 4th year respectively.
7. Explain Pay-back period.
8. Explain financial leverage with formula.
9. Explain operating leverage with formula.
10. Explain FGCP.
11. Enumerate any four factors effecting working capital.
12. Explain gross working capital.



Part B

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

(6x5=30)

13. 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.
14. Classify finance decisions.
15. Discuss different factors influencing working capital management.
16. Discuss MM hypothesis of capital structure.
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. Enumerate different types of dividend.
20. Compute EOQ from the following: Annual usage – 10,000 units Cost of placing and receiving one order – Rs.50 Cost of materials per unit Rs.25 Annual carrying cost of one unit: 10% of inventory value
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. Explain relevant and irrelevant theories of dividend.

24. No project is acceptable unless the yield is 10%. Cash inflows of a certain project along with cash outflows are given below:

Year	Outflows	Inflows
0	150000	-
1	30000	20000
2		30000
3		60000
4		80000
5		30000

The salvage value at the end of 5th year is Rs.40000. You are required to calculate NPV, PI.

25. Explain the factors influencing working capital requirements.

