

TB173270C

Reg: No:

Name:

B.COM. DEGREE (C.B.C.S.S) EXAMINATION, OCTOBER 2018
(2017 Admissions Regular, 2016 Admissions Supplementary/Improvement & 2015
Admissions Supplementary)
SEMESTER III - CORE COURSE (COMMERCE)
CO3B13B – FINANCIAL MANAGEMENT
(For B.Com Finance & Taxation)

Time: Three Hours

Maximum Marks: 80

PART A

I Answer all questions. Each question carries 1 mark

1. What is Financial Management?
2. What is No Par Stock?
3. Define capital structure.
4. What do you mean by preference shares?
5. What is stock split?
6. What is bonus share?

(6x1=6)

PART B

II Answer any seven questions. Each question carries 2 marks.

7. What is operating cycle?
8. What is wealth maximization approach?
9. What is Compounding?
10. What is ploughing back of profit?
11. What is regular dividend policy?
12. What are right shares?
13. What is Net Working Capital?
14. Difference between redeemable and irredeemable preference shares.
15. What do you mean by the term trading on equity?
16. What is optimum capital structure?

(7x2=14)

PART C

III Answer any five questions. Each question carries 6 marks.

17. Explain the functional areas of financial management.
18. What are the factors determining Capital Structure?
19. Which are the major sources of finance for corporate houses?
20. What are the various forms of dividend?
21. Distinguish operating leverage and financial leverage?
22. What is the importance of financial planning?
23. Explain the various financial management decisions.

24. A company has sales of Rs. 10, 00,000, variable cost of Rs.5, 00,000. Fixed costs of Rs. 2, 00,000 and long term loans of Rs. 4, 00,000 at 10% rate of interest. Calculate operating, financial and composite leverages.

(5x6=30)

PART D

IV Answer any two questions. Each question carries 15 marks

25. Discuss the relationship of financial management with other disciplines?
26. Discuss the different theories of Capital Structure?
27. What is Working Capital? Explain the factors determining the working capital requirements.
28. DC Ltd. Has 50,000 equity shares of Rs100/-each. The company is planning an expansion for which it requires additional capital of Rs 50, 00,000 and it has the following options.
- (a). Issue of 50,000 new equity shares of the same denomination
 - (b). Issue of 25,000 equity shares and 12% debentures for Rs 2, 50,000
 - (c). Issue of 20,000 equity shares and take a long term loan at 9% for the balance
 - (d). Issue of 20,000 equity shares and 11% preference shares of Rs 100/- for the balance

The expected annual earnings before interest and tax after expansion is estimated to be Rs 25 lakhs. Assuming corporate tax rate of 30%, Compute EPS at different options. Also compute the financial leverage.

(2x15=30)