



Reg. No. :

Name :

Second Semester B.Com. Degree Examination, August 2018
Career Related First Degree Programme Under CBCSS
2(b) – Commerce With Computer Applications
Core Course VI : CC 1243
FINANCIAL MANAGEMENT
(2014 Admn. Onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer all questions in one or two sentences each. Each question carries one mark.

1. What do you mean by EVA ?
2. What do you understand by time value of money ?
3. What is post payback period ?
4. What do you mean by market value of a bond ?
5. What is seed capital financing ?
6. What do you mean by capitalization ?
7. Define leverage.
8. What is interim dividend ?
9. What do you mean by permanent working capital ?
10. What do you mean by cash cycle ?



(10×1=10 Marks)

P.T.O.



SECTION – B

Answer **any eight** questions in **not exceeding one** paragraph **each**. **Each** question carries **2** marks.

11. What are the assumptions of Walter's Model of dividend policy ?
12. Explain the features of permanent working capital.
13. What do you mean by Accounting Rate of Return ?
14. What is a financial lease ?
15. What are the modes of investment of venture capital companies ?
16. Differentiate between capital structure and financial structure.
17. Explain operating leverage.
18. Annual requirements : 1600 units, Cost of materials p.u. Rs. 40, Cost of placing and receiving an order : Rs. 50 , Annual carrying cost of inventory : 10% of inventory value. Calculate the EOQ.
19. What do you mean by financial risk ?
20. Give four examples of capital expenditures.
21. What are the advantages of equity shares ?
22. What are the sources of bonus issues ?



(8x2=16 Marks)

SECTION – C

Answer **any six** questions in about **120** words **each**. **Each** question carries **4** marks.

23. Explain important characteristics of financial management.
24. What are the advantages and disadvantages of IRR method ?
25. What are the determinants of dividend policy ?
26. What is a preference share ? Explain different types of preference shares.
27. Explain different forms of dividend.



- 28. What are the dangers of insufficient working capital ?
- 29. Explain different objectives of inventory management.
- 30. Explain various benefits of ploughing-back of profits.
- 31. What are the main assumptions of MM hypothesis ?

(6×4=24 Marks)

SECTION - D

Answer any 2 questions in not exceeding 4 pages each. Each question carries 15 marks.

- 32. Define capital budgeting and list the different methods of project appraisal techniques.
- 33. What do you mean by finance function ? Explain the scope of finance function.
- 34. Describe the traditional view on the optimal capital structure. Compare and contrast this view with the NOI approach and NI approach.
- 35. X Ltd., is considering the purchase of machine. Two machines, A and B, are available, each having a cost of Rs. 50,000. In comparing the profitability of the machine 10% discount factor may used. Earnings from the machines are expected to be as follows :

Year	Machine A	Machine B
1	15000	5000
2	20000	15000
3	25000	20000
4	15000	20000
5	10000	20000
Total	85000	80000



Find out the profitability of the machine.

Year	1	2	3	4	5
PV Factor @ 10%	0.909	0.826	0.751	0.683	0.620

(2×15=30 Marks)