(Pages : 4)

Reg. No.	:		•
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Name: .....

Second Semester B.Com. Degree Examination, May 2019

Career related first Degree Programme Under CBCSS

2(b)-Commerce with Computer Applications

Core Course VI: CC 1243: FINANCIAL MANAGEMENT

(2014 Admn to 2017 Admn)

de .

Time: 3 Hours

Max. Marks: 80

## SECTION - A

Answer all questions in one or two sentences each. Each question carries 1 mark.

- 1. What is financial management?
- 2. Define capital rationing?
- 3. What is IRR?
- 4. What is operating cycle?
- 5. Name any two sources of short-term finance.
- 6. What is stock dividend?
- 7. What is dividend pay-out ratio?
- Define cost of capital.
- 9. What is time value of money?
- 10. Bring out the meaning of leverage.



 $(10 \times 1 = 10 \text{ Marks})$ 

P.T.O.

## SECTION - B

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

- 11. What is payback period?
- 12. What are the sources of bonus issue?
- Explain two basic features of preference shares.
- 14. Name any three methods of computing cost of equity capital.
- 15. Define capitalisation.
- 16. What is optimum capital structure?
- 17. What are the limitations of trading on equity?
- 18. Y Ltd. issues Rs. 60000 8% debentures at a premium of 10%. The tax rate applicable to the company is 40%. Compute cost of debt capital.
- 19. Define profitability Index.
- 20. Write a note on risk-return trade off.
- 21. Mention the advantages of stable dividend policy.
- 22. What is the cost of retained earnings?

 $(8 \times 2 = 16 \text{ Marks})$ 

## SECTION - C

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

- 23. What are the objectives of financial management?
- 24. Distinguish difference between Compounding and Discounting.



- 25. Discuss the various motives of holding cash.
- 26. What are the factors affecting capital investment?
- 27. Differentiate 'Financial Structure' from 'Capital Structure'.
- 28. Explain the significance of cost of capital.
- 29. Write a note on NPV as a technique of capital budgeting.



- 30. Discuss the different kinds of working capital.
- 31. "The purpose of measuring operating leverage is different from that of financial leverage". Elucidate.

 $(6 \times 4 = 24 \text{ Marks})$ 

## SECTION - D

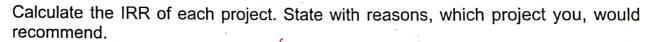
Answer any two questions in not exceeding 4 pages each. Each question carries 15 marks.

- ▶ 32. The modern approach to corporate finance is an improvement over the traditional approach. Comment.
  - 33. What is the importance of dividend policy? Discuss the different kinds of dividend policies of corporate enterprises.
  - 34. What is the importance of working capital? Explain the factors which determine the amount of working capital in the business.

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35. A company is considering two mutually exclusive projects. The company anticipate a cost of capital of 10% and net after-tax cash flows of the projects are as follows.

Year	Project X	Project Y
0	(100,000)	(100,000)
1	10,000	50,000
2	20,000	40,000
3	30,000	20,000
4	45,000	10,000
5	60,000	10,000



 $(2 \times 15 = 30 \text{ Marks})$ 

