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K19U 2563

Reg. No. :

Name :

III Semester B.Com. Degree (CBCSS-Reg./Sup./Imp.)

Examination, November - 2019

(2014 Admn. Onwards)

CORE COURSE (OPTIONAL)

3B06 COM(FINANCE): FINANCIAL MANAGEMENT

Time : 3 Hours

Max. Marks : 40

PART - A

- I. Answer **All** Questions. Each question carries $\frac{1}{2}$ mark. (4x $\frac{1}{2}$ =2)
1. is the basic objective of financial management.
 2. refers to long term planning of proposed capital outlays.
 3. firm's investment in total current assets.
 4. Mix of long term fund in the total capitalisation is called

PART - B

- II. Answer any **Four** questions. Each question carries **One** mark. (4x1=4)
5. What do you mean by financial management?
 6. What is ARR?
 7. What is net working capital?
 8. What is financial breakeven?
 9. Define cost of capital.
 10. What is weighted average cost of capital?

PART - C

- III. Answer any **Six** questions (not exceeding One page). Each question carries **Three** marks. (6x3=18)
11. Discuss the scope of financial management.
 12. 'Maximizing wealth is a better goal than maximising profit'. Explain.
 13. A project requires an initial investment of Rs. 2,00,000 and it provides annual inflows for 5 years as Rs. 60,000, Rs.80,000, Rs.50,000, Rs.40,000 and Rs. 40,000 respectively. Calculate payback period of the proposal.

P.T.O.



14. Write a note on various determinants of working capital.
15. What are the dangers of working capital deficit?
16. What are the determinants of capital structure?
17. Zoya Ltd. Issued 2000 7% preference shares of Rs.100 each at a premium of 10 % redeemable after 5 years at par. Calculate cost of preference capital.
18. Explain briefly various source of long term finance.

PART - D

IV. Answer any **Two** questions. Each question carries **8** marks. **(2×8=16)**

19. Briefly discuss the role of a finance manager in a firm.
20. A project requires an initial outlay of Rs. 3,80,000. The cost of capital is 12%. It generates the following cash flows.

Year	Cash inflows (Rs.)
1	80,000
2	1,00,000
3	1,20,000
4	1,40,000
5	80,000
6	20,000
7	1,60,000

Calculate NPV and suggest whether the project should be accepted or not.

21. Calculate cost of debt capital in the following cases.
 - a) Royal Ltd. Issued Rs. 10,00,000 8% debentures at a discount of 5%. The tax rate is 50%. Compute cost of debt capital.
 - b) Moon Ltd. Issued Rs. 20,00,000 9% debentures at a premium of 10%. The floatation costs are 2%. The tax rate applicable is 60%. Compute cost of debt capital.