MCOM(F)-06

Sl.No. :

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Final Year M.Com. Degree Examination, May - 2026
(SLM Scheme) (Non CBCS)
COMMERCE
Course - VI : Financial Management

Time : 3 Hours **Max. Marks : 80**

PART - A

Answer any four Questions. Each Question carries Five marks : [4 × 5 = 20]

Q1) What are the types of Capital Budgeting techniques.

Q2) Write a note on Payback period.

Q3) What do you mean by Optimum Capital Structure?

Q4) How do you estimate the needs of working capital requirements.

Q5) List out the techniques of Inventory management.

Q6) What are the motives of operating cash cycle?

PART - B

Answer any three questions. Each question carries ten Marks : [3 × 10 = 30]

Q7) Explain the various factors that determining the working capital requirement.

Q8) What is Dividend? Explain the provisions for declaring dividend of a company.

Q9) How wealth maximisation differs from profit maximisation.

Q10) Calculate the WACC using the following data :

a) Book value weights

b) Market value weights

The capital structure of the company is as under :

	₹
12% Debentures (Rs. 100 per debenture)	5,00,000
8% Preference shares (Rs. 100 per share)	5,00,000
Equity shares (Rs. 10 per share)	10,00,000
	20,00,000

The dividend payment of the company is ₹15 and the market price is ₹20 with growth rate of 10% further, the company raises additional funds for the replacement of assets of 15% debentures amounting to ₹10,00,000.

Q11) Aneja Limited, a newly formed company, has applied to a commercial bank for the first time for financing its working capital requirements. The following information is available about the projections for the current year :

Estimated level of activity : 1,04,000 completed units of production plus 4,000 units of work-in-progress. Based on the above activity, estimated cost per unit is:

Raw material	₹80 per unit
Direct wages	₹30 per unit
Overheads (exclusive of depreciation)	₹60 per unit
Total cost	₹170 per unit
Selling price	₹200 per unit

Raw materials in stock : Average 4 weeks consumption, work-in-progress (assume 50% completion stage in respect of conversion cost) (materials issued at the start of the processing).

Finished goods in stock	8,000 units
Credit allowed by suppliers	Average 4 weeks
Credit allowed to debtors/receivables	Average 8 weeks
Lag in payment of wages	Average 1.5 weeks

Cash at banks (for smooth operation) is expected to be Rs. 25,000.

Assume that production is carried on evenly throughout the year (52 weeks) and wages and overheads accrue similarly. All sales are on credit basis only. You are required to calculate the Net Working Capital required.

PART - C

Answer any TWO Questions. Each Question carries Fifteen marks :[2 × 15 = 30]

Q12) ABC Ltd. which is expecting the EBIT of Rs.1,50,000 per annum on an investment Rs.5,00,000, is considering the finalization of the capital structure or the financial plan. The company has access to raise funds of varying amounts by issuing equity share capital, 12% Preference share capital and 10% debenture or any combination there of. Suppose it analyzes the following four options to raise the required funds of Rs. 5,00,000.

a) By issuing equity share capital at par.

b) 50% funds by equity share capital and 50% funds by preference share capital.

c) 50% funds by equity share capital, 25% by preference share capital and 25% by issue of 10% debentures.

d) 25% funds by equity share capital, 25% as preference share capital and 50% by the issue of 10% debentures.

Assuming that ABC Ltd. belongs to 50% tax bracket, the EPS under the above four options can be calculated as follows :

Q13) Distinguish between Mergers and Acquisition with an Indian example.

Q14) Suppose there are two Project A and Project B are under consideration. The cash flows associated with these projects are as follows :

Year	Project A (Rs.)	Project B (Rs.)
0	(1,00,000)	(3,00,000)
1	50,000	1,40,000
2	60,000	1,90,000
3	40,000	1,00,000

Assuming Cost of Capital equal to 10%. Identify which project should be accepted as per NPV Method and IRR Method.

Q15) Illustrate Balanced Working Capital Position with a suitable example.

