MCOSC-2.1 A/D

Sl.No. : **Total No. of Pages : 2**

II Semester M.Com. Degree Examination June - 2023

(CBCS, SLM Scheme)

COMMERCE (Soft Core Stream)

Course- II : A/D : Financial Management

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

SECTION - A

Answer any four questions. Each question carries Five Marks. **[4×5=20]**

Q1) Distinguish between Profit maximization and wealth maximization.

Q2) Define capital structure. Discuss the assumptions of NI approach.

Q3) Discuss briefly about the techniques of Inventory management.

Q4) A company's shares with a face value of Rs.10 each are Quoted at Rs.50 in the stock market current rate of dividend is 50% and this is expected to grow at a steady rate of 5% p.a. Calculate the cost of equity capital of the company.

Q5) Write a short note on determinants of Working Capital Management.

Q6) What is trading on Equity?

SECTION - B

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

Q7) The Earning per share of a company is Rs.8 and the rate of capitalization applicable is 10%. The company has before it an option of adopting a) 50% b) 75% and c) 100% dividend payout ratio. Compute the market price of the company's quoted shares as per Walter's model if it can earn a return of a) 15% b) 10% and c) 5% on its retained earnings.

Q8) Glorious Ltd. earned a profit of Rs.20 Lakhs before providing for the interest and tax. The company's capital structure is as follows:

a) 4,00,000 Equity shares of Rs.10 each and its market capitalization is 16%.

b) 25,000 14% secured redeemable debentures of Rs.150 each.

You are required to calculate the value of the firm under NI Approach also calculate the overall cost of capital of the Firm.

Q9) Define Leverage? Explain the types of leverages with formulas.

Q10) Define Risk. Discuss the various types of risks.

Q11) Explain the steps involved in Financial Planning.

SECTION - C

Answer any two questions **.** Each question carries Fifteen Marks. **[2×15=30]**

Q12) RNS Industries Ltd. are thinking of investing in a project costing of Rs.20 Lakhs The life of the project is five years and the estimated salvage value of the project is zero. Straight line method of charging depreciation is followed. The tax rate is 50%. The expected cash flows before tax are as follows:

Year	1	2	3	4	5
Estimated cash flows before depreciation and tax (Rs. in Lakhs)	4Lakhs	6Lakhs	8Lakhs	8Lakhs	10Lakhs

You are required to determine the a) Payback period for the investment b) ARR C) NPV @ 10% cost of capital.

Q13) Define Dividend. Explain the determinants of dividend policies of a firm.

Q14) Define Working Capital Management. Discuss the problems of Under Capitalization and Over Capitalization with respect to Working Capital.

Q15) Define Capital Budgeting. Explain the various Challenges involved in Capital Budgeting.

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