DECEMBER 2023 **P/ID 77938/RMB3P**

Time : Three hours Maximum : 80 marks

PART A — (10 × 2 = 20 marks)

Answer any TEN questions in 50 words each.

1. State the primary objective of Financial Management.

2. Define Leasing.

3. What is meant by Capital Budgeting decision?

4. What is meant by Present Value of Future Sum?

5. Define Cost of Debt.

6. What do you understand by Cost of Capital?

7. What is Optimum Capital Structure?

8. List down the different types of Dividend Policy.

9. What is Inventory?

10. What is meant by Credit Terms?

11. Define Net Working Capital.

12. Define EOQ.

PART B — (5 × 6 = 30 marks)

Answer any FIVE questions in 250 words each.

13. Explain the methods of Lease financing.

14. Why are the Capital investments important? Explain.

15. Point out the importance of Cost of Equity capital.

16. Explain the Traditional approach of Capital Structure.

17. What is the Financial Manager's role in management of Inventory?

18. How is the concept of Present Value related to the Time Value of Money?

19. Explain the relevance of Time Value of Money in financial decisions.

PART C — (3 × 10 = 30 marks)

Answer any THREE questions in 500 words each.

20. Discuss the conflict in Profit and Wealth maximization objective.

21. 'Capital budgeting decision is capable of changing the financial fortune of a business' – Discuss.

22. Explain the method of computing Cost of Preference shares with an example.

23. Describe the determinants of the Dividend Policy of corporate enterprise.

24. What are Collection Policies? How can they be evaluated?

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