MAY 2024 **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 decision involved in Financial Management.

2. What is Preference Share?

3. What do you mean by Internal Rate of Return?

4. Why does money have Time Value?

5. Define Leverage.

6. What is Cost of Retained Earnings?

7. What is meant by Financial Risk?

8. Define Dividend.

9. What are Credit Standards?

10. What is meant by ABC Inventory Control system?

11. What is Private Equity?

12. Why do firms maintain inventory?

PART B — (5 × 6 = 30 marks)

Answer any FIVE questions in 250 words each.

13. Describe the general features and classification of Leasing.

14. Distinguish between Simple Interest and Compound Interest.

15. How many approaches are there for estimating Cost of Equity? Explain.

16. Examine the various sources available for Dividends.

17. How does production cycle effect working capital?

18. Compare Hire Purchase and Leasing.

19. Find the present value of cash flows of Rs.750 per year forever at an interest rate of 8%.

PART C — (3 × 10 = 30 marks)

Answer any THREE questions in 500 words each.

20. Discuss the main features of Equity Shares. Explain their merits and demerits.

21. 'Despite all limitations of Payback period method, it has still importance in project appraisal' – Discuss.

22. Discuss in which combination of Operating and Financial leverages constitutes ideal situation and risky situation.

23. Explain the assumption of Net Operating Income (NOI) approach in Capital structure

24. Describe the common techniques for managing Inventory.