



IV Semester B.Com. Examination, May/June 2013
(Semester Scheme)

(Repeaters) (Prior to 2012-13)

COMMERCE

Paper – 4.4 : Financial Management

Time : 3 Hours

Max. Marks : 90

Instruction : Answer should be completely either in **Kannada** or in **English**.

SECTION – A

1. Answer **any ten** of the following. **Each** question carries **two** marks. (10×2=20)
- Mention any two objectives of Financial Management.
 - What is 'Trading on Equity' ?
 - Give the meaning of financial risk.
 - What is combined leverage ?
 - Mention the steps involved in the capital budgeting.
 - What is Inventory Management ?
 - What do you mean by Dividend Policy ?
 - Cost of a plant is Rs. 4,00,000 and cash flows for the first 3 years Rs. 40,000, Rs. 1,60,000 and Rs. 2,40,000. Calculate the pay back period in term of years.
 - Different between 'gross' and 'net' working capital.
 - Initial investment is Rs. 1,50,000, scrap value Rs. 25,000, working life 5 years, additional working capital is 12,500. Calculate average investment.
 - What is bonus Issue ?
 - What is EPS ?

P.T.O.



SECTION – B

Answer **any five** of the following, **each** question carries **five** marks.

(5×5=25)

2. Briefly explain the characteristics of a sound financial plan.
3. Briefly explain the different form of dividend.
4. Explain the merits and demerits of NPV method.
5. Discuss the problem associated with cash management.
6. A company has sales of Rs. 40,00,000, variable cost Rs. 24,00,000, fixed cost of Rs. 8,00,000 and debt of Rs. 20,00,000 at 12% rate of interest, what are the operating and financial leverages.
7. The terms 'capitalisation, capital structure and financial structure', do not mean same . Explain.
8. Discuss the difficulties in capital budgeting.
9. It is proposed to start a business requiring capital of Rs. 20 lakhs and expected return is 20% calculate EPS if
 - a) Total capital required is financed by way of Rs. 100 equity.
 - b) Is financed by way of 50% equity and 50% debt (15% interest)

Note : Tax rate is 50%.

SECTION – C

Answer **any three** of the following. **Each** question carries **15** marks.

(3×15=45)

10. Define capital structure. What are the major determinants of capital structure ?
11. What are the aims of financial management ? Explain in detail.
12. Explain the importance of cash, receivable and inventory managements to an organisation.

13. A firm's cost of capital is 10%. It is considering two mutually exclusive projects 'X' and 'Y', the details are given below :

	Year	Project 'X'	Project 'Y'
Investment	0	2,80,000	2,80,000
Net cash flow	1	40,000	2,40,000
	2	80,000	1,60,000
	3	1,20,000	80,000
	4	1,80,000	40,000
	5	2,40,000	40,000
		6,60,000	5,60,000

Compute :

- a) Pay back period
- b) Net present value

P.V. factor at 10% for 5 years

Year	1	2	3	4	5
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P.V. factor @ 10%	0.909	0.826	0.751	0.683	0.621
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14. The capital structure of UPA Ltd. consists of the following securities

10% debentures Rs. 10,00,000

12% pref. shares Rs. 2,00,000

Equity shares of Rs. 100 each Rs. 8,00,000

Operating profit (EBIT) of Rs. 3,20,000 and the company is in 50% tax bracket.

- 1) Determine the company's EPS
- 2) Determine the percentage of change in EPS associated with 20% increase and 20% decrease in EBIT.
- 3) Determine the financial leverage.



ಕನ್ನಡ ಆವೃತ್ತಿ

ವಿಭಾಗ - ಎ

1. ಯಾವುದಾದರೂ 10 ಉಪ ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ, ಪ್ರತಿ ಉಪಪ್ರಶ್ನೆಗೆ 2 ಅಂಕಗಳು.

(10×2=20)

a) 'ಹಣಕಾಸು ನಿರ್ವಹಣೆ' ಯ ಎರಡು ಧ್ಯೇಯಗಳನ್ನು ಹೆಸರಿಸಿ.

b) ಶೇರು ಮೇಲಿನ ವ್ಯಾಪಾರ ಎಂದರೇನು ?

c) ಹಣಕಾಸಿನ ಅಪಾಯ ಎಂದರೇನು ?

d) ಜಂಟಿ ಸನ್ನೆ ಎಂದರೇನು ?

e) ಬಂಡವಾಳ ಮುಂಗಡ ಪತ್ರದ ಪ್ರಕ್ರಿಯೆಯ ಹಂತಗಳನ್ನು ತಿಳಿಸಿ.

f) ಸರಕುಯಾದಿ ಆಡಳಿತ ಎಂದರೇನು ?

g) ಲಾಭಾಂಶ ನೀತಿ ಎಂದರೇನು ?

h) ಯೋಜನೆಯಲ್ಲಿ ಪರಿಗಣನೆ ರೂ. 4,00,000, ಮೊದಲ ಮೂರು ವರ್ಷಗಳ ನಗದು ಹರಿಯುವಿಕೆ, ರೂ. 40,000, ರೂ. 1,60,000 ಮತ್ತು ರೂ. 2,40,000, ಪುನರ್ ಪಾವತಿಯನ್ನು ವರ್ಷಗಳಲ್ಲಿ ಕಂಡುಹಿಡಿಯಿರಿ.

i) 'ಒಟ್ಟು' ಮತ್ತು 'ನಿವ್ವಳ' ಕಾರ್ಯಶೀಲ ಬಂಡವಾಳಗಳಿಗೆ ಇರುವ ವ್ಯತ್ಯಾಸವನ್ನು ತಿಳಿಸಿ.

j) ಆರಂಭದ ಹೂಡಿಕೆ ರೂ. 1,50,000 , ಸವಕಳಿಯ ನಂತರದ ಮೌಲ್ಯ ರೂ. 25,000, ಕಾರ್ಯನಿರತ ಆಯಸ್ಸು 5 ವರ್ಷ ಹೆಚ್ಚುವರಿ ಚಾಲ್ತಿ ಬಂಡವಾಳ ರೂ. 12,500 ಸರಾಸರಿ ಹೂಡಿಕೆಯನ್ನು ಕಂಡುಹಿಡಿಯಿರಿ.

k) ಬೋನಸ್ ಇಶ್ಯೂ ಎಂದರೇನು ?

l) EPS ಎಂದರೇನು ?