D 130004 (Pages : 3) Name...

Reg. No....................................

FIFTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2025

B.Com.

BCM 5B 11—FINANCIAL MANAGEMENT (FINANCE SPECIALIZATION—II)

(2019 Syllabus)

Time : Two Hours and a Half Maximum : 80 Marks

Answers should be written in English only.

Part A

Answer **all** *the questions.*
2 *marks each, maximum* 25 *marks.*

1. What do you mean by risk ?

2. What do you mean by financial management ?

3. What is IRR ?

4. What do you mean by capital budgeting ?

5. What is time value of money ?

6. What is operating leverage ?

7. What is capital structure ?

8. What is cost of capital ?

9. List any *four* sources of long-term capital.

10. What do you mean by stock dividend ?

11. What is mean by operating cycle ?

12. What is meant by over capitalization ?

13. What do you mean by sweat equity ?

14. What do you mean by trading on equity ?

15. What do you mean by gross working capital ?

Turn over

Part B

*Answer **all** the questions.*

5 marks each, maximum 35 marks.

16. Explain the concept of net working capital ?

17. Explain the factors influencing the dividend decision.

18. What are the motives of holding cash ?

19. Explain the concept of ploughing back of profit. Why is it important ?

20. What is weighted average cost of capital ? How is it calculated ?

21. The opening inventory of Gayathri Ltd is Rs. 80,000, and the closing inventory is Rs. 1,20,000. The cost of goods sold of Gayathri Ltd is Rs. 10,00,000. Calculate the stock turnover ratio.

22. The current market price of a company's share is Rs. 180. and the expected dividend per share next year is Rs. 9. If the dividends are expected to grow at a constant rate of 8 %, find out the shareholders required rate of return.

23. Mahadeva Ltd is evaluating a project proposal costing Rs.50,000 and has a scrap value of Rs. 10,000 after 5 years. The expected profit before depreciation and taxes for the five years are expected to be Rs. 10,000, Rs. 12,000, Rs. 14,000, Rs. 16,000, and Rs. 20,000, respectively. Assuming straight line depreciation and a tax rate of 50 %, calculate Average Rate of Return.

Part C

*Answer any **two** questions.*

Each question carries 10 marks

24. What do you mean by financial management ? Explain the scope and importance of financial management.

25. Explain the relevance and irrelevance theory of dividend decisions.

26. From the following details calculate the net present value of Project Mohanlal and Project Prithviraj and suggest which of the project should be accepted. Discount rate is 10 %.

	Project Mohanlal	Projcct Prithviraj
Initial Investment	50,000	60,000
Estimated life	4 years	5 years
Scrap Value	4,000	nil

An additional amount of Rs. 10,000 was spent at the beginning of the second year for project B. The cash inflows (i.e., profit before depreciation and after tax) are as follows.

	Year 1	Year 2	Year 3	Year 4	Year 5
Project A	10,000	16,000	24,000	14,000	—
Project B	40,000	30,000	24,000	10,000	4,000

PV Factor at 10 % - 0.909, 0.826, 0.751, 0.683 and 0.621.

27. Seethalakshmi Ltd are engaged in large-scale retail business. From the following information, you are required to estimate their working capital requirement :

Projected annual sales	...	Rs. 1,30,00,000
Percentage of Net profit on cost of sales	...	25 %
Average credit period allowed to debtors	...	8 weeks
Average credit period allowed by creditors	...	4 weeks
Average stock carrying (in terms of sales requirements)	...	8 weeks

Add 10 % of computed figure to allow for contingencies.

(2 × 10 = 20 marks)