



SA – 762

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IV Semester B.Com. Examination, April/May 2015
(Semester Scheme) (Prior to 2013-14) (Repeaters)
Commerce
Paper – 4.4 : FINANCIAL MANAGEMENT

Time : 3 Hours

Max. Marks : 100/90

- Instructions :** 1) Answers should be written completely either in **English** or in **Kannada**.
2) Section D is **compulsory** for **2012-13** Batch students.
3) 100 Marks – 2012-13 only, 90 marks – Prior to 2012-13.

SECTION – A

1. Answer **any 10** of the following. **Each** question carries **two** marks. (10x2=20)
- What is Financial Management ?
 - What is Profit maximization ?
 - Give the meaning of Financial Decisions.
 - What is Capitalization ?
 - What do you mean by operating leverage ?
 - What is the accept and reject criteria in N.P.V. ?
 - Mention any four forms of dividend.
 - State any two factors influencing on capital structure.
 - Give the meaning of fixed working capital.
 - State any two objectives of cash management.
 - Initial investment of Rs. 6,00,000, scrap value Rs. 50,000, working life 4 years additional working capital Rs. 50,000. Calculate average investment.
 - What is EPS ?

P.T.O.



SECTION – B

Answer **any five** of the following. **Each** question carries **five** marks.

(5×5=25)

2. State the Factors determining Financial Plan.
3. What are the problems associated with in adequate working capital ?
4. What are the advantages of stable dividend policy ?
5. The firm has a sales of Rs. 15,00,000, variable cost Rs. 90,000, Fixed charges Rs. 3,00,000 and Debt Capital of Rs. 10,00,000 at 10% rate of Interest. Calculate three types of leverages.
6. An industry is considering investment in a project which cost Rs 6,00,000. The cash inflows are Rs. 1,20,000, Rs. 1,40,000, Rs. 1,80,000, Rs. 2,00,000, Rs. 2,50,000. Calculate pay back period.
7. Calculate the average rate of return for projects A and B from the following :

		Project A	Project B		
Investment		Rs. 20,000	Rs. 30,000		
Expected life		4 years	5 years		
Project net income (after interest, depreciation and Taxes)					
Years :	1	2	3	4	5
Project 'A' Rs.	2,000	1,500	1,500	1,000	–
Project 'B' Rs.	3,000	3,000	2,000	1,000	1,000

If the required rate of return at 12%, which project should be under taken ?

8. What are the requisites of good Financial Plan ?
9. Explain the motives for holding cash.

