



K18U 1958

Reg. No. :

Name :

**III Semester B.Com. Degree (CBCSS – Reg./Sup./Imp.) Examination,
November 2018
(2014 Admn. Onwards)
Core Course (Optional)
3B06 COM (Finance) : FINANCIAL MANAGEMENT**

Time : 3 Hours

Max. Marks : 40

PART – A

I. Answer **all** questions. **Each** carries $\frac{1}{2}$ marks.

- 1) _____ is the number of years required to recover the original investment.
- 2) Total of current assets – Total current liabilities = Zero, it is called
- 3) IRR stands for
- 4) EPS stands for (4× $\frac{1}{2}$ =2)

PART – B

II. Answer **any four** questions. **Each** carries **one** mark.

- 5) Define financial management.
- 6) What is wealth maximization ?
- 7) What is time value of money ?
- 8) What is under capitalization ?
- 9) What is Payback period ?
- 10) What is gross working capital ? (4×1=4)

P.T.O.



PART – C

III. Answer **any six** questions (**not exceeding one page**). **Each** carries **three** marks.

- 11) What is the importance of financial management ?
- 12) The management of a college wants to reduce its labor cost by installing a new machine. Two types of machines are available in the market – Machine X and Machine Y. Machine X would cost ₹ 1,80,000 whereas Machine Y would cost ₹ 1,50,000. Both the machines can reduce annual labor cost by ₹ 30,000. Which is the best machine to purchase according to payback method ?
- 13) What is capital budgeting ?
- 14) What is capital gearing ?
- 15) What are the arguments in favor of profit maximization ?
- 16) What is NI approach of capital structure ?
- 17) What is operating cycle method ?
- 18) Discuss the pattern of capital structure of a new company. **(6×3=18)**

PART – D

IV. Answer **any two** questions. **Each** carries **eight** marks.

- 19) What are the factors to be taken into consideration by a firm while estimating its working capital requirements ?
 - 20) What do you mean by capital structure ? Discuss the factors determining capital structure.
 - 21) What is cost of capital ? Briefly discuss the determination of cost of capital under different components. **(2×8=16)**
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