

(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2025 ONLY)

25PCC205

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI  
END-OF-SEMESTER EXAMINATIONS : APRIL-2026

M.Com.-C.A  
SEMESTER: II

MAXIMUM MARKS: 75  
TIME : 3 HOURS

**FINANCIAL MANAGEMENT**

**SECTION – A**

**(10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.**

**MULTIPLE CHOICE QUESTIONS.**

**(K1)**

1. Choose the Primary function of financial Management\_\_\_\_\_.  
a. Wealth Maximization  
b. Profit Maximization  
c. Cost Reduction  
d. Revenue Maximization
2. Which theory states that capital structure does not affect firm value?  
a. Net Income Theory  
b. Net Operating Income Theory  
c. MM Proposition  
d. Gordon's Model
3. Which of the following is considered the overall cost of capital?  
a. Cost of Debt  
b. Cost of Share Capital  
c. Cost of Preference Share Capital  
d. Weighted Average cost of Capital
4. What the time taken to recover the initial investment in a project is called:\_\_\_\_\_.  
a. Net Present Value  
b. Internal Rate of Return  
c. payback period  
d. Profitability Index
5. Which of the following is NOT a component of Working Capital?  
a. Cash  
b. Inventory  
c. Fixed Assets  
d. Accounts Receivable

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.**

**(K2)**

6. Define the term Financial Management.
7. Interpret the meaning of Dividend
8. Define the concept of "Cost of Capital".
9. Explain the term Internal Rate of Return.
10. Interpret the meaning of Working Capital Management.

**SECTION – B**

**(5 X 5 = 25 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) Examine the Functions of Financial Management.  
**(OR)**  
b) Describe the any five Financial Manager roles in Company operations.
12. a) The market price of an Equity share of G ltd is Rs.40. the dividend expected in a year Rs. 1.60. the shareholder anticipate a growth of 9% in dividend . calculate the cost of Equity share capital under dividend growth model.  
**(OR)**  
b) Compute the theory of Net Operating income approach for capital structure.

**(CONTD.....2)**

13.a) Venus limited issued 10000, 9% Debentures of Rs. 100 each at premium of 5%. The maturity period is 5 years. The tax rate is 50%. Compute cost of debentures to the company if the debentures are redeemable at par.

(OR)

b) Anand limited offers Equity share capital of Rs. 10 each at premium of 10%. The expected dividend is 15%. Calculate the cost of equity share capital and calculate cost of capital if the market price is Rs. 20.

14. a) Examine the importance of capital budgeting in long-term financial planning.

(OR)

b) “Capital budgeting decisions involve several types of risk.” Examine these risks.

15.a) Compare the different short-term sources of finance. Which would you recommend for a seasonal business?

(OR)

b) Examine the components of Working capital Management

### SECTION – C

(5 X 8 = 40 MARKS)

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.**

(K4 (Or) K5)

16. a) Evaluate the changing scenario of financial management in India and examine the scope of Finance in strategic financial decision

(OR)

b) Evaluate the changing scenario of financial management in India and examine the roles of controllers and treasurers in strategic financial decisions.

17.a) Analyze the Operating leverage, financial leverage and combine leverage from the given below Data. With the following information recommend leverages level and best plan for the proprietor.

Particulars	Plan A	Plan B
Unit produced (No.)	5000	6000
Sales (Rs. Per Unit)	35	35
Variable cost (Rs. Per Unit)	15	15
Fixed cost	45000	45000
Debt (Rate of interest 10%)	50000	150000

(OR)

b) Examine the key determinants of dividend policy and suggest an appropriate determinant for a firm with high growth opportunities and limited external funding

18. a) Explain the reasons for time value of Money.

(OR)

b) i) Analyze the cost of debt: Sri Priya industries limited issued 10000, 10% debenture of Rs. 100 each. The tax rate is 50%. Calculate the before tax and after tax cost of debt if the debenture are issued

a) At Par

b) At a Premium of 10%

c) At a discount of 10%

ii) Shiny Limited issues Rs. 5,00,000, 10% redeemable debentures at a discount of 10%. The Floatation costs are 4 % and matured at the end of fifth year. Calculate before and after tax cost of debt assuming a tax rate of 40%.

(CONTD.....3)

19.a) A firm is considering two projects XYZ and AB. Following Particulars are available:

<b>Particulars</b>	<b>Project XYZ</b>	<b>Project ABC</b>
Cost of the project	Rs. 1,00,000	Rs. 1,00,000
Annual Cash inflows	Rs. 25,000	Rs. 20,000
Economic Life	10 years	10 years

Which project will you suggest under?

- Payback period.
- post Payback period

(OR)

b) The following Particulars relating to a project. Cost of the project is Rs. 550000 Annual cash inflows as Follows:

<b>Year</b>	<b>Inflows in Rupee</b>	<b>PV Factor 10%</b>
1	50000	.909
2	200000	.826
3	300000	.751
4	300000	.683
5	100000	.621

Calculate payback period.

20.a) Discuss the factors determining working capital Management and concepts of working Capital Management.

(OR)

b) Explain the various Sources of Long term Finance and Merits & Demerits.

\*\*\*\*\*