

FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2020 ONLY)

20UCF5E1

REG.NO

NGM COLLEGE (AUTONOMOUS) POLLACHI
END-OF-SEMESTER EXAMINATIONS: DECEMBER-2022

B.Com-Finance
V SEMESTER

MAXIMUM MARKS: 70
TIME: 3 HOURS

PART III
FINANCIAL MANAGEMENT

SECTION – A (10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS
MULTIPLE CHOICE QUESTIONS

(K1)

1. The primary goal of financial management is _____.
(a) To minimise the risk (b) To maximise the owner's wealth
(c) To maximise the return (d) To raise profit
2. Cost of Capital refers to _____.
(a) Flotation Cost (b) Dividend
(c) Required Rate of Return (d) Channels
3. The capital budget is associated with _____.
(a) Long terms and short terms assets (b) Fixed assets
(c) Long terms assets (d) Short term assets
4. EBIT is usually the same thing as _____.
(a) Earnings before taxes (b) Funds provided by operations
(c) Operating profit (d) Net income
5. Dividend irrelevance argument of MM Model is based on _____.
(a) Issue of Debentures (b) Issue of Bonus Share
(c) Arbitrage (d) Hedging

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define the term finance.
7. Explain cost of capital.
8. Brief capital structure.
9. Assess shortly on NPV.
10. Explain the major aspects of dividend policy.

(CONTD.....2)

SECTION – B**(5 X 4 = 20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

11. a) List the objectives of financial management.
(OR)
b) Describe the role of financial manager.
12. a) Discover the importance of cost of capital.
(OR)
b) The rate of return available to the equity shareholders in M Ltd is 40% and the personal tax applicable to share holders is 20%. It is expected that the shareholders will have to bear a brokerage cost of 4% when they invest their dividends in alternative securities. Compute the cost of retained earnings.
13. a) Compute the features of capital structure.
(OR)
b) Interpret EBIT-EPS analysis.
14. a) A project requires initial investment of Rs 40,000 and it will generate an annual Cash inflow of Rs 10,000 for 6 years. You are required to find out the pay-back period.
(OR)
b) Distinguish between financial leverage and operating leverage.
15. a) Assess the different types of dividend.
(OR)
b) Examine the factors affecting dividend policy.

SECTION – C**(4 X 10 = 40 MARKS)****ANSWER ANY FOUR OUT OF SIX QUESTIONS.****(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS FROM Q.NO: 17 TO 21)****(K4) OR (K5)**

16. Evaluate the Modigliani-Miller (MM) approach.
17. Classify the functions of financial management.
18. Summarise the classifications of cost of capital.
19. Describe the basic patterns of capital structure.
20. Categorize different techniques of selecting capital budgeting proposals.
21. Criticize Walter's approach on dividend decisions.