K24P 1123

Reg. No. :	••
Name :	

Second Semester M.Com. Degree (C.B.C.S.S. - OBE - Regular) Examination, April 2024 (2023 Admission) CMCOM 02C08 : FINANCIAL MANAGEMENT

Time: 3 Hours

Max. Marks: 60

SECTION - A

Answer any five questions in this Section. Each question carries 3 marks.

- Define "Financial Management".
- Lay down the characteristics of P2P lending.
- 3. Projects X and Y are having initial investments of ₹ 50,000 and ₹ 1,00,000 respectively. Their present values of cash inflows are ₹ 60,000 and ₹ 1,12,000. Determine the profitability indices of both projects. Advise which is the best. State the assumptions of the Pecking Order Theory.
- Define "cost of capital". State its significance.
- Annuity received ₹ 5,000 p.a. Calculate the present value of the annuity received
- $(5 \times 3 = 15)$ for 4 years; if the discount factor is 6%. SECTION - B

Answer any three questions in this Section. Each question carries 5 marks. 7. Distinguish between systematic risk and unsystematic risk with examples.

- 8. Define "Crowd Funding". Discuss its need and significance.
- 9. What were the assumptions of Walter's dividend model?

P.T.O.

11.

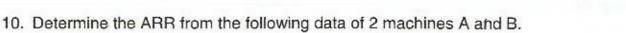
debentures.

capital structure of a firm.

the working capital need in a firm.

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-2-



56,125

 $(3 \times 5 = 15)$

Machine A (₹) Machine B (₹) Original cost 56,125

3			55
Additional investment in	net working capital	5,000	6,000
Estimated life in years		5	5
Estimated salvage value	s	3,000	3,000
Average income tax rate	THE REAL PROPERTY.	55%	55%
Total income for 5 years (after Depreciation and Tax)	36,875	36,875
Depreciation has been cl	narged on the straight-line b	asis already	
A 5 year ₹ 100 debenture	e of a firm can be sold for a	net price of	₹ 96.50. The

SECTION - C Answer any three questions in this Section. Each question carries 10 marks.

coupon rate of interest is 14% p.a. and the debenture will be redeemed @ 5% premium on maturity. The firm's tax rate is 40%. Compute the after-tax cost of

12. Define "optimum capital structure". Elaborate on the factors influencing the

14. Define "working capital". State its importance. Summarise the factors influencing

Differentiate between profit maximisation and wealth maximisation in detail.

determining the 'dividend decisions' of a firm.

15. What are the advantages of a stable dividend policy? Outline the factors

6,000 5,000

56,125

Machine A (₹) Machine B (₹)

56,125

Additional investment in net working capital Estimated life in years

Original cost

Estimated salvage values

Average income tax rate

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3,000

36,875 Depreciation has been charged on the straight-line basis already. 11. A 5 year ₹ 100 debenture of a firm can be sold for a net price of ₹ 96.50. The

debentures. SECTION - C

Total income for 5 years (after Depreciation and Tax)

10. Determine the ARR from the following data of 2 machines A and B.

Answer any three questions in this Section. Each question carries 10 marks. 12. Define "optimum capital structure". Elaborate on the factors influencing the capital structure of a firm.

13. Differentiate between profit maximisation and wealth maximisation in detail. 14. Define "working capital". State its importance. Summarise the factors influencing

the working capital need in a firm. 15. What are the advantages of a stable dividend policy? Outline the factors determining the 'dividend decisions' of a firm.

5 5

55%

36,875

coupon rate of interest is 14% p.a. and the debenture will be redeemed @ 5% premium on maturity. The firm's tax rate is 40%. Compute the after-tax cost of

3,000 55%

 $(3 \times 5 = 15)$