

B.Com. Degree Examinations - Even Semester 2021  
III Year VI Semester  
Financial Management

Max Marks: 25

Answer any Five questions (5 \* 5 = 25)

1. What are the factors that determine capital structure?
2. From the following information you are required to find out the average rate of return.

An investment with expenditure Rs.10,000 is expected to produce the following profits(after deducting depreciation)

Year	Rs.
First Year	80,000
Second Year	1,60,000
Third Year	1,80,000
Fourth Year	60,000

3. M/S. Kabeera & Co., have approached their banker for their working capital requirement who agreed to sanction the same by retaining the margins as under:

Raw Material	15%
Stock in progress	30%
Finished goods	20%
Debtors	10%

From the following projections for 2019-20 you are required to work out

- (a) the working capital required by the company, and
- (b) the working capital limits likely to be approved by bankers.

Estimates for 2019-20

	Rs.
Annual sales	16,80,000
Cost of production	14,40,000
Raw material purchases	8,15,000

Monthly Expenditure	45,000
Anticipated opening stock of raw materials	1,80,000
Anticipated closing stock of raw materials	1,55,000

Inventory Norms:

Raw material	2 months
Work in Progress	15 days
Finished goods	1 month

The firm enjoys a credit of 15 days on its purchases and allows 1 month credit on its supplies. On sales orders, the company has received an advance of Rs.25,000. State your assumption if any.

4. What are scopes includes in financial management?
5. The company is considering an investment of Rs.1,00,000 in a project. The following are the income forecasts, after depreciation and tax: first year Rs.10,000 second year Rs.40,000 third year Rs.60,000 fourth year Rs.20,000 and fifth year nil.  
From the above information you are required to calculate:
  - (1) Pay-Back Period.
  - (2) Discounted Pay-Back Period at 10% interest factor.
6. A company has sales of Rs. 5,00,000, variable costs of Rs. 3,00,000, fixed costs of Rs. 1,00,000 and long-term loans of Rs. 4,00,000 at 10% rate of interest. Calculate the composite leverage.
7. Write in one sentence :
  - a) Stock dividend b) Interim dividend c) Cash dividend d) Property dividend e) Bond dividend