

B.Com(ISM) DEGREE EXAMINATION, EVEN SEMESTER 2021
II Year IV Semester
Financial Management

Max.marks :25

Answer any **FIVE** questions ($5 \times 5 = 25$) Marks

1. Explain the different role of Finance Manager.
2. Examine the various factors of Capital Structure
3. Enumerate the different kinds of Working Capital.
4. Since Ltd. widely held company is considering a major expansion of its production facilities and the following financing alternatives are available:

	Alternatives (Rs in Lakh)		
	A	B	C
Equity share capital (Rs. 10 each)	60	30	10
12% Debentures	-	20	25
15% Loan from a financial institution	-	10	25

Expected rate of return before tax is 20%. The rate of dividend of the company is not less than 18%. The company at present has low debt. Corporate taxation is 35%. Which of the alternatives you would choose?

5. Sakthi Ltd. issued 20,000 8% debentures of Rs. 100 each on 1st April 2009. The cost of issue was Rs. 50,000. The company's tax rate is 35%. Determine the cost of debentures (before as well as after tax) if they were issued at premium of 10%.
6. Project Y has an initial investment of Rs. 5,00,000. Its cash flows for 5 years are Rs. 1,50,000, Rs. 1,80,000, Rs. 1,50,000, Rs. 1,32,000 and Rs. 1,20,000. Determine the payback period.
7. From the following information relating to Perara Ltd., Calculate (a) Operating Cycle, (b) No. of operating cycles in a year assuming a 360 day year, and (c) Average working capital required, if annual cash operating expenses are Rs. 150 Lakh.

<p>Stock holding: Raw materials : 2 months W.I.P : 15 days Finished goods : 1 month. Average debt collection period : 2 months Average payment period : 43 days</p>
