

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai - 600 044.

B.Com. ISM - END SEMESTER EXAMINATIONS APRIL - 2024

SEMESTER - IV

20UBICT4008 - Financial Management

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. What are the objectives of financial management?
2. Describe the scope of financial management.
3. State the features of optimum capital structure.
4. Sun Ltd., Expects a net operating income of Rs.2,40,000. It has Rs.12,00,000 10% Debentures. The overall capitalization rate is 15%. Calculate the value of the firm and cost of equity according to the NOI approach.
5. Discuss the significance of cost of capital.
6. A project costs Rs.5,00,000 and yields annually a profit of Rs.80,000 after depreciation @12% but before tax of 50%. Calculate the pay back period.
7. Write a short note on IRR method.
8. Explain the different forms of dividend.

Section C

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. How the financial decision making involved risk-return trade off?
10. Bharath Ltd., expects an annual EBIT of Rs.1,00,000. The company has Rs.4,00,000 in 10% debentures. The capitalisation rate is 12.5%. The company proposes to issue additional equity shares of Rs.1,00,000 and use the proceeds for redemption of debentures of Rs.1,00,000. Calculate the value of the firm (V) and the overall cost of capital (K_o).
11. What is cost of capital? Explain the importance of cost of capital.
12. An investment of Rs.10,000(having scrap value of Rs.500) yields the following returns:

Year	1	2	3	4	5
CFAT	4,000	4,000	3,000	3,000	2,500

Contd...

The cost of capital is 10% is the investment desirable? Discuss it accounting to NPV method assuming the P V factor for

Year	1	2	3	4	5
P V factor	0.909	0.826	0.751	0.683	0.620

13. Explain the factors that influence the dividend policy of a firm.
