



QP – 328

III Semester B.Com. Examination, April/May 2021

(Semester Scheme)

(Repeaters) (2013-14 and Onwards)

COMMERCE

3.4 : Financial Management

Time : 3 Hours

Max. Marks : 100

Instruction : Answer should be written completely either in **English** or **Kannada**.

SECTION – A

1. Answer **any ten** of the following sub-questions. **Each** sub-question carries **2 marks**. **(2×10=20)**
 - a) State the objectives of financial management.
 - b) What is financial leverage ?
 - c) A project costs ₹ 1,00,000 and yields an annual cash inflow of ₹ 20,000 for 8 years. Calculate its payback period.
 - d) What is meant by time value of money ?
 - e) What is capital structure ?
 - f) Name the various kinds of working capital.
 - g) What do you mean by rights issue ?
 - h) A project requires an investment of ₹ 5,00,000 and has a scrap value of ₹ 20,000 after 5 years. Calculate average investment.
 - i) What is Business Finance ?
 - j) Profit before tax ₹ 2,00,000, tax rate 50%, no. of equity shares 10,000, calculate EPS.
 - k) What is Gross Working Capital ?
 - l) What is Net Present Value Method ?

P.T.O.



SECTION - B

Answer **any four** of the following questions. **Each** question carries **eight** marks.

(4×8=32)

2. Explain the sources of working capital.
3. Calculate EPS, assuming 20% before tax rate of return on assets, from the following data.

	₹
Assets	2,00,000
Debt (12%)	1,00,000
Equity (shares of 10 each)	1,00,000

Assume 50% tax.

4. A firm has sales of ₹ 20,00,000, variable costs of ₹ 4,00,000 and debt of ₹ 10,00,000 at 10% rate of interest. What are operating, financial and combined leverages, if fixed costs are ₹ 3,00,000.
5. A project costs ₹ 25,000 and has a scrap value of ₹ 5,000 after 5 years. The net profit before depreciation and taxes for 5 years period are expected to be ₹ 5,000, ₹ 6,000, ₹ 7,000, ₹ 8,000 and ₹ 10,000 respectively. You are required to calculate the ARR, assuming 50% rate of tax and depreciation on straight line method.
6. Explain the various forms of dividend.

SECTION - C

Answer **any three** of the following questions. **Each** question carries **16** marks.

(3×16=48)

7. What factors determine the capital structure ?
8. 'A' company has an investment opportunity costing ₹ 40,000 with the following, net cash flow before depreciation and after tax.

Year	Net cash inflow
1	7,000
2	7,000
3	7,000



4	7,000
5	7,000
6	8,000
7	10,000
8	15,000
9	10,000
10	4,000

Using 10% as the cost of capital, determine.

- Payback period.
- NPV at 10% discount factor
- Profitability index at 10% discount factor.

PV factor at 10% is as follows.

Year	1	2	3	4	5	6	7	8	9	10
PV factor @10%	.909	.826	.751	.683	.621	.564	.513	.467	.424	.386

9. A Ltd. company has equity share capital of ₹ 5,00,000 divided into shares of ₹ 100 each. It wishes to raise further ₹ 3,00,000 for expansion. The company plans the following financial schemes.

- All common stock
- One lakh in common stock and two lakhs in debt @ 10% p.a.
- All debts at 10% p.a.
- One lakh in common stock and two lakhs in preference capital with a rate of dividend at 8%.

The company's expected earnings before interest and taxes are ₹ 1,50,000. Tax rate is 50%. Determine the EPS (Earnings Per Share) in each plan and suggest which plan is suitable.



10. Determine the Earnings Per Share (EPS) of a company which has operating profit (EBIT) of ₹ 1,60,000. Its capital structure consists of the following securities.

10 percent Debentures ₹ 5,00,000

12 percent Preference ₹ 1,00,000

Equity shares of ₹ 100 each ₹ 4,00,000

The company is in the 55 percent tax bracket.

- Determine the company's EPS.
- Determine percentage change in EPS, associated with 30 percent increase in EBIT.
- Determine the degree of financial leverage.

ಕನ್ನಡ ಆವೃತ್ತಿ

ವಿಭಾಗ - ಎ

1. ಕೆಳಗಿನ ಯಾವುದಾದರೂ ಹತ್ತು ಉಪ-ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಉಪ-ಪ್ರಶ್ನೆಗೆ ಎರಡು ಅಂಕಗಳು.

(2×10=20)

- ಹಣಕಾಸು ನಿರ್ವಹಣೆಯ ಉದ್ದೇಶಗಳನ್ನು ಹೆಸರಿಸಿ.
- ಹಣಕಾಸಿನ ಸನ್ನಿವೇಶವು ಮೀಟುವಿಗೆ ಎಂದರೇನು ?
- ಯೋಜನೆಯಲ್ಲಿ ಪರಿಗಣನೆ ರೂ. 1,00,000, 8 ವರ್ಷ ವಾರ್ಷಿಕ ನಗದು ಹರಿಯುವಿಕೆ ರೂ. 20,000. ಪುನರ್ಪಾವತಿ ಅವಧಿಯನ್ನು ಕಂಡುಹಿಡಿಯಿರಿ.
- ಹಣದ ಕಾಲ ಬೆಲೆ ಎಂದರೇನು ?
- ಬಂಡವಾಳ ರಚನೆ ಎಂದರೇನು ?
- ದುಡಿಯುವ ಬಂಡವಾಳದ ರೀತಿಗಳನ್ನು ಹೆಸರಿಸಿ.
- ಹಕ್ಕಿನ ಶೇರು ವಿತರಣೆ ಎಂದರೇನು ?
- ಆರಂಭಿಕ ಬಂಡವಾಳ ರೂ. 5,00,000, ಚೂರು ಬೆಲೆ ರೂ. 20,000, ಬಾಳಿಕೆ ವರ್ಷಗಳು 5. ಸರಾಸರಿ ಹೂಡಿಕೆಯನ್ನು ಕಂಡುಹಿಡಿಯಿರಿ.