

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BCom(CS) DEGREE EXAMINATION MAY 2018
(Sixth Semester)**

Branch – CORPORATE SECRETARYSHIP

FINANCIAL MANAGEMENT

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 2 = 20)

- 1 Define the term financial management.
- 2 What do you mean by financial planning?
- 3 State the feature of capital budgeting.
- 4 Write a short note on internal rate of return (IRR).
- 5 What do you understand by fixed working capital?
- 6 What is operating cycle?
- 7 What is cost of capital?
- 8 Write a short note on marginal cost of capital.
- 9 What do you mean by optimum capital structure?
- 10 What do you mean by leverage?

SECTION - B (25 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 5 = 25)

- 11 a Explain the objective of financial management.
OR
- b What are the various functions of a financial manager?
- 12 a What do you mean by accounting rate of return? Explain its merits and demerits.
OR
- b Discuss the importance of capital budgeting.
- 13 a Discuss the significance of working capital in a firm.
OR
- b Explain the significance of operating cycle.
- 14 a Distinguish between explicit cost and implicit cost.
OR
- b Explain the different types of cost of capital.
- 15 a What do you mean by combined leverage? Explain its significance.
OR
- b Describe the arbitrage process under Modigliani Miller Approach.

SECTION - C (30 Marks)

Answer any THREE Questions

ALL Questions Carry EQUAL Marks (3 x 10 = 30)

- 16 Explain the principles of financial planning.
- 17 Discuss the various methods used for risk factor in capital budgeting decisions.
- 18 Explain the methods of forecasting the working capital requirements of firms.
- 19 Explain the factors determining cost of capital.