

- 8 (a). Compute ARR from the following data:  
Cost of asset Rs. 4,00,000, Useful life 5 years, Cash flow after tax (CFAT) Rs. 1,72,000 p.a  
(OR)
- (b). Initial Outlay Rs. 1,00,000, Life of the asset 6 years, Estimated cash flow Rs. 20,000.  
You are required to Calculate IRR.
- 9 (a). Describe the purposes of Long term financing requirements?  
(OR)
- (b). What are the advantages of leasing?
- 10 (a). State the objectives of dividend policy?  
(OR)
- (b). The earnings per share of N Ltd are Rs. 15 and the rate of capitalization is applicable to the company is 12%. The productivity of earnings ( r ) is 12%. Compute the market value of the company's share if the pay out is (i) 20% and (50%). Which is the optimum payout?

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

- 11 (a). Discuss the Scope and functions of Finance.  
(OR)
- (b). Summarise the limitations of Ratio Analysis.
- 12 (a). From the following capital structure of a company, calculate the overall cost of capital, using (a) Book value weights (b) Market value weights.  
(OR)
- | Source of capital    | Book value (Rs.) | Market value (Rs.) |
|----------------------|------------------|--------------------|
| Equity shares        | 2,00,000         | 3,00,000           |
| 16% Debenturs        | 60,000           | 61,000             |
| 10% Short term Loans | 40,000           | 40,000             |
- Equity share capital is 20%. Tax rate for each company is 50%.
- (b). Enumerate the features of Optimum Capital Structure.
- 13 (a). Discuss the objectives of capital budgeting.  
(OR)
- 13 (b). The company is considering the purchase of a new machine. The management wants to buy the machine only when its cost can be recovered in three years. The following information is available.
- Cost of the machine Rs.4,50,000
  - Sales revenue estimated per year by the installation of new machine is Rs.6,00,000
  - Variable cost is 60% of sales.
  - Annual fixed cost other than depreciation is Rs. 40,000.
- Advice the management whether the machine can be purchased on the basis of three years recovery of cost. Calculate the Average Rate of Return on investment of Rs. 4,50,000 when the life of the machine is 10 years with no scrap value at the end of the period. Assume 50% tax.
- 14 (a). Classify the sources of short term finance.  
(OR)
- (b). Categorize the types of Lease financing.
- 15 (a). Discuss the factors that influence the dividend policy of a firm.  
(OR)
- (b). Enumerate the assumptions of Modigliani and Miller hypothesis.

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2022  
(Third Semester)

Branch – COMMERCE (PROFESSIONAL ACCOUNTING)

CORPORATE & OTHER LAWS

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 The most important document of a company is its  
(i) Prospectus (ii) Annual Report  
(iii) Memorandum of Association (iv) Articles of Association
- 2 Debenture Holders are  
(i) Owners of the Company (ii) Debtors of the Company  
(iii) Creditors of the Company (iv) None of these
- 3 In case of non-profit making companies notice of General Meeting should be given  
(i) 14 days (ii) 15 days  
(iii) 21 days (iv) 22 days
- 4 The Negotiable Instruments Act, 1881 is an Act to define and amend the law relating to:  
(i) cheques (ii) bills of exchange  
(iii) promissory notes (iv) all of the above
- 5 Section \_\_\_\_\_ of the General Clauses Act, 1897 deals with the meaning of service by post.  
(i) 25 (ii) 26  
(iii) 27 (iv) 28

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a What are the aim of Companies Act 2013?  
OR  
b Short Note on (i) Memorandum of Association and (ii) Articles of Association.
- 7 a What do you mean by alteration of share capital?  
OR  
b Define Debenture and its importance.
- 8 a What is Proxies?  
OR  
b Explain punishment for failure to distribute dividends.

Cont...