

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom (CS) DEGREE EXAMINATION MAY 2019
(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 What is meaning of financial management?
- 2 What is meaning of financial planning?
- 3 What is capital budgeting?
- 4 Examine the various methods of evaluating investment proposals.
- 5 What do you mean by management of working capital?
- 6 What are the various types of working capital?
- 7 What is cost of capital?
- 8 Expand the word CAPM?
- 9 What do you mean by capital structure?
- 10 What is meant by leverage?

SECTION - B 125 Marks)

Answer ALL Questions

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

- 11 a State briefly the significance of financial management.
OR
b Discuss the scope of financial planning.
- 12 a State the features of capital budgeting?
OR
b What are the procedure for computation of ARR?
- 13 a Explain the two concepts of working capital.
OR
b Explain the methods of forecasting the working capital requirements of a firm.
- 14 a Explain the significance of cost of capital.
OR
b Write short notes on (i) Historical cost (ii) Explicit cost.
- 15 a What do you mean by optimum capital structure?
OR
b What is composite leverage? How is it measured?

SECTION - C (30 Marks)

Answer any THREE Questions

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

- 16 Explain the objectives of financial management.
- 17 It is proposed to introduce a new machine to increase the production capacity of department X. Two machines are available. Type 'A' and Type 'B'. The following information is available :

Details	A (Rs.)	B (Rs.)
Cost of machine	3,50,000	6,30,000
Estimated life (years)	7	10
Estimated savings in scrap (p.a)	20,000	32,000
Additional cost of indirect materials (p. a)	10,000	16,000
Estimated savings in wages :		
Employees not requires	15	20
Wages per employee per annum	10,000	16,000
I Additional cost of maintenance (p.a)	7,200	12,000
Additional cost of supervision (p. a)	24,000	36,000

18 Rose Ltd. is engaged in customer retailing. You are required to estimate its working capital requirements from the following data :

Projected annual sales	Rs. 9,00,000
Percentage of net profit to cot of sales	20%
Average credit allowed by creditors	2 months
Average credit allowed to debtors	1 month
Average stock carrying (in terms of sales requirement)	2 1/2 months
Add 10% to allow for contingencies.	

19 What do you mean by weighted average cost of capital? Explain its significance.

20 State the essentials of an appropriate capital structure.

Z-Z-Z

END