



CS – 261

III Semester B.Com. Examination, March 2023
(CBCS) (2021 – 22 and Onwards) (R)
COMMERCE
Paper – 3.4 : Financial Management

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer **any five** sub-questions. **Each** sub-question carries **two** marks. (5×2=10)
- a) What is time value of money ?
 - b) Define Financial Management.
 - c) What do you mean by stock dividend ?
 - d) What is Financial leverage ?
 - e) What is Net Present Value Method ?
 - f) A project costs Rs. 1,00,000 and yields an annual cash inflow of Rs. 20,000 for 8 years. Calculate its payback period.
 - g) Expand EAT and EBIT.

SECTION – B

Answer **any three** questions. **Each** question carries **5** marks.

(3×5=15)

- 2. Explain the need for time value of money.
- 3. Explain the various forms of dividend.
- 4. The initial cash out lay of project is Rs. 1,00,000 and it generates cash inflows of Rs. 40,000, Rs. 30,000, Rs. 50,000 and Rs. 20,000. 10% rate of discount. Calculate profitability index.

Years	1	2	3	4
Discount Factor at 10%	0.909	0.826	0.751	0.683

P.T.O.



5. A firm sales of Rs. 40,00,000, Variable cost of Rs. 25,00,000, Fixed cost of Rs. 6,00,000. 10% debt of Rs. 30,00,000

Calculate :

- Operating leverage
 - Financial leverage
 - Combined leverage.
6. A company is considering an investment proposal to install a new machine. The machine will cost Rs. 50,000 and will have a life of 5 years and no salvage value. The company's tax rate is 50%. The company uses straight line basis of depreciation. The estimated net income before depreciation and tax from the proposed investment proposal is as follows.

Year :	1	2	3	4	5
EBDT :	10,000	11,000	14,000	15,000	25,000

Calculate payback period.

SECTION – C

Answer **any three** questions. **Each** question carries **12** marks.

(3×12=36)

- What are the factors influencing the capital structure ?
- Explain the factors influencing the amount of working capital.
- Determine the Earnings Per Share (EPS) of a company which has operating profit (EBIT) of Rs. 1,60,000. Its capital structure consists of the following securities.
 10 percent Debentures Rs. 5,00,000
 12 percent first preference Rs. 1,00,000
 Equity shares of Rs. 100 each Rs. 4,00,000
 The company is in the 55 percent tax bracket
 Find the following :
 - Determine the company's EPS.
 - Determine percentage change in EPS associated with 30 percent increase in EBIT.
 - Determine the degree of Financial leverage.



10. B.R. Ltd. considering two mutually exclusive projects X and Y the details are given below.

Year	Project X (Cash Inflow)	Project Y (Cash Inflow)
1	20,000	1,20,000
2	40,000	80,000
3	60,000	40,000
4	90,000	20,000
5	1,20,000	20,000

The original investment each costing Rs. 1,40,000.

P.V. Factor at 10% for 5 years as follows.

Year	1	2	3	4	5
P.V. Factor @ 10%	0.909	0.826	0.751	0.683	0.621

Compute :

- Payback period
 - Net present value
 - Accounting rate of return.
11. XY Ltd. Company EBIT of Rs. 4,80,000 and its capital structure consists of the following securities.

	Rs.
Equity share capital (Rs. 10 each)	4,00,000
12% preference share capital	6,00,000
14.5% debentures	10,00,000

The company is facing fluctuation in its sales. What would be the percentage changes in EPS ?

- If EBIT of the company increased by 25%.
- If EBIT of the company decreased by 25%.

The company Tax rate is 35%.



SECTION – D

Answer the following question which carries **nine** marks.

(1×9=9)

12. Draw the organization chart of Finance Department of a company.

OR

Prepare E-contents of dividend policy of a company.

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ವಿಭಾಗ - ಎ

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

(5×2=10)

- ಹಣದ ಕಾಲ ಮೌಲ್ಯ ಎಂದರೇನು ?
- ಹಣಕಾಸಿನ ನಿರ್ವಹಣೆಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿ.
- ಸ್ಟಾಕ್ ಲಾಭಾಂಶ ಎಂದರೇನು ?
- ಹಣಕಾಸಿನ ಶಕ್ತಿ ಎಂದರೇನು ?
- ನಿವ್ವಳ ಪ್ರಸ್ತುತ ಮೌಲ್ಯ ವಿಧಾನ ಎಂದರೇನು ?
- ಯೋಜನೆಯಲ್ಲಿ ಪರಿಗಣನೆ ರೂ. 1,00,000, 8 ವರ್ಷಗಳಿಗೆ ವಾರ್ಷಿಕ ನಗದು ಹರಿಯುವಿಕೆ ರೂ. 20,000. ಪುನರ್ ಪಾವತಿ ಅವಧಿಯನ್ನು ಕಂಡುಹಿಡಿಯಿರಿ.
- EAT ಮತ್ತು EBIT ಯನ್ನು ವಿಸ್ತರಿಸಿ.

ವಿಭಾಗ - ಬಿ

ಈ ಕೆಳಗಿನ ಯಾವುದಾದರೂ ಮೂರು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಪ್ರಶ್ನೆಗೆ 5 ಅಂಕಗಳು.

(3×5=15)

- ಹಣದ ಕಾಲ ಬೆಲೆ ಅಗತ್ಯತೆಯನ್ನು ವಿವರಿಸಿ.
- ವಿವಿಧ ಲಾಭಾಂಶಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿ.
- ಒಂದು ಯೋಜನೆಯ ಪ್ರಾರಂಭಿಕ ನಗದು ಹೊರ ಹರಿವು ರೂ. 1,00,000 ಮತ್ತು ಇದರ ನಗದು ಒಳಹರಿವು ರೂ. 40,000, ರೂ. 30,000, ರೂ. 50,000 ಮತ್ತು ರೂ. 20,000 ಗಳನ್ನು ಶೇ. 10 ರ ರಿಯಾಯಿತಿ ದರದಲ್ಲಿ ಉತ್ಪಾದಿಸುತ್ತದೆ. ಇದರ ಲಾಭಾಂಶದ ಸೂಚ್ಯಂಕವನ್ನು ಲೆಕ್ಕ ಹಾಕಿ.

ವರ್ಷಗಳು	1	2	3	4
ಶೇ. 10 ರ				
ರಿಯಾಯಿತಿ ಅಂಶ	0.909	0.826	0.751	0.683