

CO4	K2	8.	Outline of the following is not a determinant of dividend policy. a) Stability of Dividends c) Both (a) and (b)	b) Capital Market Situation d) Availability of Liquid Cash																											
CO5	K1	9.	State the aspects of working capital management. a) Inventory management c) Receivable management	b) Cash management d) All of the above																											
CO5	K2	10.	Show the following are theories for dividend is relevance? a) Walter's Model c) MM Approach	b) Game theory d) Market Value theory																											
Course Outcome	Bloom's K-level	Q. No.	SECTION - B (5 X 5 = 25 Marks) Answer ALL Questions choosing either (a) or (b)																												
CO1	K3	11a.	Identify the objectives of financial management.	(OR)																											
CO1	K3	11b.	Find the role of financial manager.																												
CO2	K3	12a.	A Company issues 10% irredeemable debentures of Rs.100000. the company is in the 55% tax bracket. Calculate the cost of debt (before as well as after tax) if the debentures are issued at i) Par ii) 10% Discount and iii) 10% Premium																												
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CO2	K3	12b.	A firm has sales of Rs. 20,00,000, variable cost of Rs. 14,00,000 and fixed costs of Rs. 4,00,000 and debt of Rs. 10,00,000 at 10% rate of interest. What are the operating, financial and combined leverages? If the firm wants to double its Earnings before Interest and Tax (EBIT), how much of a rise in sales would be needed on a percentage basis?																												
CO3	K4	13a.	X Ltd. Is considering the purchase of a new machine which will carry out operations performed by labour. A and B are alternative models. From the following information, you are required to prepare a profitability statement and work out the pay back period in respect of each machine.																												
			<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Machine A</th> <th style="width: 20%; text-align: center;">Machine B</th> </tr> </thead> <tbody> <tr> <td>Estimated life of machine</td> <td style="text-align: center;">5 years</td> <td style="text-align: center;">6 years</td> </tr> <tr> <td>Cost of machine</td> <td style="text-align: center;">150000</td> <td style="text-align: center;">250000</td> </tr> <tr> <td>Cost of direct materials</td> <td style="text-align: center;">6000</td> <td style="text-align: center;">8000</td> </tr> <tr> <td>Estimated savings inn scrap</td> <td style="text-align: center;">10000</td> <td style="text-align: center;">15000</td> </tr> <tr> <td>Additional cost of maintenance</td> <td style="text-align: center;">19000</td> <td style="text-align: center;">27000</td> </tr> <tr> <td>Estimated savings in direct wages:</td> <td style="text-align: center;">150</td> <td style="text-align: center;">200</td> </tr> <tr> <td>Employees not required (Numbers)</td> <td style="text-align: center;">600</td> <td style="text-align: center;">600</td> </tr> <tr> <td>Wages per employee</td> <td></td> <td></td> </tr> </tbody> </table>			Machine A	Machine B	Estimated life of machine	5 years	6 years	Cost of machine	150000	250000	Cost of direct materials	6000	8000	Estimated savings inn scrap	10000	15000	Additional cost of maintenance	19000	27000	Estimated savings in direct wages:	150	200	Employees not required (Numbers)	600	600	Wages per employee		
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CO3	K4	13b.	<p style="text-align: center;">(OR)</p> <p>Identify the need and significance of capital budgeting.</p>																												

CO4	K4	14a.	Analyse the factors affecting dividend policy. (OR)																								
CO4	K4	14b.	Classify the various types of dividend policy.																								
CO5	K5	15a.	Prepare an estimate of WC requirements from the following: a. Projected annual sales 1,00,000 units b. Selling price per unit Rs. 8 per unit c. Profits on sales 25% d. Average credit period allowed to customers - 8 weeks e. Average credit period allowed by suppliers - 4 weeks f. Average stock holding in terms of sales requirements-12 weeks g. Allow 10% for contingencies. (OR)																								
CO5	K5	15b.	Evaluate the various types of working capital.																								
Course Outcome	Bloom's K-level	Q. No	SECTION - C (5 X 8 = 40 Marks) Answer ALL Questions choosing either (a) or (b)																								
CO1	K3	16a.	Determine the functions of financial management. (OR)																								
CO1	K3	16b.	Identify the various sources of finance.																								
CO2	K4	17a.	A firm has the following capital structure and after tax costs for the different sources of funds used: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Sources of Funds</th> <th>Amount (Rs.)</th> <th>Proportion (%)</th> <th>After Tax Cost (%)</th> </tr> </thead> <tbody> <tr> <td>Debt</td> <td>15,00,000</td> <td>25</td> <td>5</td> </tr> <tr> <td>Preference Shares</td> <td>12,00,000</td> <td>20</td> <td>10</td> </tr> <tr> <td>Equity Shares</td> <td>18,00,000</td> <td>30</td> <td>12</td> </tr> <tr> <td>Retained Earnings</td> <td>15,00,000</td> <td>25</td> <td>11</td> </tr> <tr> <td>Total</td> <td>60,00,000</td> <td>100</td> <td></td> </tr> </tbody> </table> <p>You are required to compute the weighted average cost of capital. (OR)</p>	Sources of Funds	Amount (Rs.)	Proportion (%)	After Tax Cost (%)	Debt	15,00,000	25	5	Preference Shares	12,00,000	20	10	Equity Shares	18,00,000	30	12	Retained Earnings	15,00,000	25	11	Total	60,00,000	100	
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CO2	K4	17b.	Examine the different theories of capital structure.																								
CO3	K4	18a.	The project cost of an investment is Rs.50000. the facility has a life expectancy of 5 years and no salvage value. The company's tax rate is 55%. The firm uses straight line depreciation. The estimated cash flows before tax and depreciation is as follows: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>CFBT</td> <td>10000</td> <td>11000</td> <td>14000</td> <td>15000</td> <td>25000</td> </tr> </tbody> </table> <p>Compute the following: i) Payback period method ii) Average rate of return iii) Internal rate of return iv) Net present value at 10% discount rate. (OR)</p>	Year	1	2	3	4	5	CFBT	10000	11000	14000	15000	25000												
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CO3	K4	18b.	Analyse the factors affecting the capital budgeting.																								

