

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai - 600 044.

B.Com. CS - END SEMESTER EXAMINATIONS - APRIL 2025

SEMESTER - III

24UBCCT3008 - Financial Management

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. What are the objectives of financial management? Explain with examples.
2. Compute the weighted average cost of capital (WACC) for the following data: Equity capital ₹5,00,000 (cost 12%), Debt ₹3,00,000 (cost 8%), Tax rate 30%.
3. Analyze the different theories of capital structure and their implications.
4. Compute the financial leverage for a firm with EBIT ₹1,00,000, Interest Expense ₹20,000.
5. Describe the factors influencing working capital requirements in a manufacturing company.
6. Solve for the Debt-Equity Ratio given the following data: Total Debt ₹4,00,000, Shareholder's Equity ₹6,00,000.
7. Compute Operating Leverage for a firm with Sales ₹5,00,000; Variable Cost ₹3,00,000; Fixed Cost ₹1,00,000.
8. A firm issues debentures of Rs.1,00,000 and realises Rs.98,000 after allowing 2% commission to brokers. Debentures carry interest rate of 10%. The debentures are due for maturity at the end of 10th year at par. Calculate cost of debt.

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. Enumerate the various functions of Financial Management?
10. Compute the Payback Period for the given project
Initial Investment = ₹60,000
Annual Cash Inflow = ₹15,000
11. Compute Earnings Per Share (EPS) using financial data:
Net Profit = ₹2,00,000
Number of Shares = 50,000

Contd...

12. Compute the Operating Leverage for the given data.

Sales Revenue = ₹5,00,000

Variable Cost = ₹3,00,000

Fixed Cost = ₹1,00,000

13. X Co. desires to purchase a business and has consulted you and one point on which you are asked to advise them is the average amount of working capital which will be required in the first year's working.

You are given the following estimates and are instructed to add 10% to your computed figures to allow for contingencies.

	Figure for the year
(i) Average amount locked up for stocks:	Rs.
Stock of Finished goods	5,000
Stock of Stores, Materials	8,000
(ii) Average credit given:	
Inland Sales - 6 weeks	3,12,000
Export Sales - 1½ weeks	78,000
(iii) Lag in payment of wages and other outgoings:	
Wages -1½ weeks	2,60,000
Stocks, materials etc. -1½ months	48,000
Rent, royalties etc. - 6 months	10,000
Clerical Staff salary - ½ month	62,400
Manager salary - ½ month	4,800
Miscellaneous expenses - 1½ months	48,000
(iv) Payment in advance:	
Sundry expenses (Paid quarterly in advance)	8,000
(v) Undrawn profits on the average throughout the year	11,000

Set-up your calculations for the average amount of working capital required.
