



- (b) Shareholders equity  
 (c) Long term debt, preferred stock and common stock options  
 (d) None of the above
- 1-d. Working capital is also known as (CO4) 1  
 (a) Current Assets Minus Current Liability  
 (b) Operating capital  
 (c) Current assets capital  
 (d) Capital relating to main projects of the company
- 1-e. The instruments of money market is (CO5) 1  
 (a) Call money  
 (b) Certificate of deposits  
 (c) Trade bills  
 (d) All of the above

**2. Attempt all parts:-**

- 2.a. Write short note on functions of a finance manager. (CO1) 2  
 2.b. Write a shot note on NPV. (CO2) 2  
 2.c. Define capital structure.(CO3) 2  
 2.d. Name the various kinds of working capital. (CO4) 2  
 2.e. Discuss the importance of Indian financial system.(CO5) 2

**SECTION B**

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**3. Answer any three of the following:-**

- 3-a. Explain the objectives or goals of financial management.(CO1) 5  
 3-b. Explain the steps involved in capital budgeting process.(CO2) 5  
 3.c. Explain the effects on equity shareholders of additional financing through debentures.(CO3) 5  
 3.d. Prepare an estimate of working capital requirement from the following information of a trading concern. 5

Projected annual sales Rs. 6,50,000

Percentage of net profit on sales 25%

Average credit period allowed to debtors 10 Weeks

Average credit period allowed by creditors 4 Weeks

Average stock holding in terms of sales requirements 8 Weeks

Allow 20% for contingencies (CO4)

3.e. Define financial system. Explain the structure of the financial system. (CO5) 5

### SECTION C

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#### 4. Answer any one of the following:-

4-a. "Finance is the oil of wheel , the marrow of the bones, the blood of the veins and the spirit of all trade and industry". Explain it. (CO1) 6

4-b. "It has traditionally been argued that the objective only of a company is to earn a profit, hence the objective of the financial management is also a profit maximization". Comment.(CO1) 6

#### 5. Answer any one of the following:-

5-a. "NPV method ensures maximization of wealth of the shareholders in the long run." Comment.(CO2) 6

5-b. A company is considering whether to purchase a new machine. Machines A and B are available for Rs 80,000 each. Earnings after taxation are as follows: 6

Year	Machine A Rs	Machine B Rs
1	24,000	8,000
2	32,000	24,000
3	40,000	32,000
4	24,000	48,000
5	16,000	32,000

Required: Evaluate the two alternatives using the following: (a) payback method, (b) Average rate of return on investment method, (c) Post Payback Profitability. You should use a discount rate of 10%. (CO2)

#### 6. Answer any one of the following:-

6-a. An optimal combination of the decisions relating to investment, financing and dividends will maximize the value of the firm to its shareholders. Examine. (CO3) 6

6-b. A Company Expects a net income of Rs. 100000. It has Rs. 300000, 8% Debentures. The equity Capitalization rate of the company is 10%. Calculate the value of the firm and overall capitalization rate according to the Net Income Approach. (CO3) 6

#### 7. Answer any one of the following:-

7-a. Explain the importance of proper planning and control of working capital in a large manufacturing concern and the techniques that are used for planning and control of working capital. (CO4) 6

- 7-b. Prepare an estimate of working capital requirement from the following information of a trading concern. 6

Projected annual sales 8,000 units

Selling price Rs. 10 per unit

Percentage of net profit on sales 20%

Average credit period allowed to customers 8 Weeks

Average credit period allowed by suppliers 4 Weeks

Average stock holding in terms of sales requirements 12 Weeks

Allow 10% for contingencies. (CO4)

**8. Answer any one of the following:-**

- 8-a. Explore the role of stock exchange operators and regulatory authorities in ensuring market integrity and investor protection through effective surveillance and enforcement mechanisms.(CO5) 6

- 8-b. Trace out the development of the financial system in India.(CO5) 6

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