



AD-2794

Third Year B. Com. (Honours) (Sem. VI) Examination
April / May – 2015
Financial Management : Paper - III

Time : Hours]

[Total Marks :

Instructions :

(1)

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| नीचे दशांशिक निशान्तीवाणी विगतो उत्तरवडी पर अवश्य लपवी. Fillup strictly the details of signs on your answer book. | Seat No. : |
| Name of the Examination : | <input type="text"/> |
| <input type="text" value="THIRD YEAR B. COM. (HONOURS) (SEM. 6)"/> | <input type="text"/> |
| Name of the Subject : | <input type="text"/> |
| <input type="text" value="FINANCIAL MANAGEMENT : PAPER - 3"/> | <input type="text"/> |
| Subject Code No. : <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> | <input type="text" value="Student's Signature"/> |
| Section No. (1, 2,.....): <input type="text" value="Nil"/> | |

(2) All questions are compulsory.

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|---|---|----|
| 1 | Short answers : | 10 |
| | (1) Financial Break Even Point. | |
| | (2) Kinds of dividends. | |
| | (3) Bonus shares. | |
| | (4) Objectives of working capital management. | |
| | (5) Features of ideal inventory policy. | |
| 2 | (a) Explain factors determining working capital requirements. | 7 |
| | (b) Explain Motives of Holding Cash. | 6 |
| 3 | (a) Explain meaning of capital structure, its types and its determinants. | 7 |
| | (b) Explain Walter's model of Dividend policy. | 6 |
| 4 | (a) Short notes : (any 2) | 10 |
| | (1) Net Operating Approach of Cap. structure | |
| | (2) m.m.theory of Dividend policy | |
| | (3) Operating Cycle. | |

(b) Solve the following :

4

Goa enterprise Ltd. has 10,00,000 share of Rs.10 each with market price of Rs.50 per share. It has also issued bonds of Rs 4 crore @ 12% p.a. It is considering an expansion plan and needs to mobilise Rs 5 crore. The alternatives being considered are:-

- (1) Issue equity at Rs 40 per share.
- (2) Issue straight bonds at 10% per annum.
- (3) Issue preference shares @ 12% p.a.
- (4) Finance 50% with equity at Rs 40 per share and 50% with bonds @ 10% per annum.

Tax - 35%, If the company is hopeful of generating an EBIT of 2.5 crore after expansion, which method of financing is the best from shareholder's viewpoint?
