

CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN
SEMESTER END EXAMINATION, AUGUST 2020
Semester: VI B.Com Subject Code: COD 119

Subject: Financial Management II (DSE 5)

Total Marks: 30 Date: 5/8/2020 Duration: 2Hrs

Instructions: 1. All questions are compulsory.

2. Figures to the right indicate marks.

Q.I. Answer any FIVE from the following. (5x2=10)

1. What do you mean by dividend policy?
2. What is the meaning of specific cost and composite cost?
3. What is profitability index?
4. What is Internal Rate of Return method?
5. What do you mean by Optimum capital structure?
6. Briefly explain the meaning of leverage.
7. What is Net Income Approach?
8. What is cost of retained earnings?

Q.II. Answer any FOUR from the following. (4x5=20)

1. Explain M.M.Hypothesis.
2. A firm is currently earning Rs.1, 00,000 and its share is selling at a market price of Rs.90. The firm has 10,000 shares outstanding and has no debt. Compute cost of equity.
3. Explain the steps involved in the computation of weighted average cost of capital.
4. A project costs Rs.20 lakhs and yields annually profit of Rs.3, 00,000 after depreciation at 12.5% but before tax at 50 percent. Calculate payback period and suggest whether it should be accepted or rejected based on 6-years standard payback period.
5. Explain the process of capital budgeting.
6. Explain factors determining capital structure.