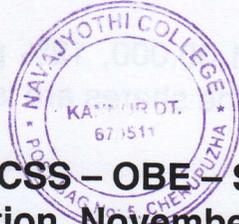




K25U 3024

Reg. No. :

Name :



**III Semester B.Com. Degree (CBCSS – OBE – Supplementary/Improvement)
Examination, November 2025
(2019 to 2023 Admissions)
CORE COURSE (OPTIONAL)
3B04 COM (Finance-I) : Financial Management**

Time : 3 Hours

Max. Marks : 40



**PART – A
(Very Short Answer)**

Answer **any six** questions from the following. **Each** question carries **1** mark. **(6×1=6)**

1. What is opportunity cost of capital ?
2. What do you mean by retained earnings ?
3. What is fixed working capital ?
4. What is reverse split ?
5. What is a declining firm ?
6. What is operating leverage ?
7. What is financial breakeven point ?
8. What do you mean by the concept of wealth maximization ?

**PART – B
(Short Essay)**

Answer **any six** questions from the following. **Each** question carries **3** marks. **(6×3=18)**

9. Explain how cost of debt is determined.
10. Profit maximization approach is not operationally feasible. Discuss.

P.T.O.



11. Explain IRR method of evaluation of projects.
12. X Ltd. Proposes to issue 1,00,000, 12% preference shares of Rs. 10 each. Calculate cost of capital if the shares are issued.
 - a) at par
 - b) at a premium of 10%.
13. ABC Ltd. issued 20,000 equity shares of Rs. 100 each and 10,000 9% debentures of Rs. 100 each. The operating profit of the company during the year is Rs. 3,00,000. Compute financial leverage.
14. Differentiate between financial and operating leverage.
15. What are the factors determining cost of capital ?
16. What are the assumptions of Net Income Theory ?

PART – C
(Long Essay)

Answer **any two** questions from the following. **Each** question carries **8** marks. **(2×8=16)**

17. B Ltd. Proposes to install a new Machine in its plant at a cost of Rs. 15 Lakhs. The company expects that the investment will make additional cash inflow of Rs. 3 Lakhs per year. The company has another alternative in which a similar machine can be imported at a cost of Rs. 24 Lakhs and in that case, the annual cash inflow of the firm would increase by Rs. 8 Lakh. Using Pay back period method, advice the company as to which option should they adopt.
 18. What is working capital ? What are the factors determining working capital requirements ?
 19. S Ltd. gives the following details. Compute operating, financial and combined leverage. Sales Rs. 50 Lakhs; variable cost Rs. 35 Lakhs; Fixed cost Rs. 4 Lakhs; 10% debt of Rs. 30 Lakhs; and Equity capital of Rs. 45 Lakhs.
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