18. 1.1.2018 Rakul Ltd. Offers for public subscription of equity shares of Rs. 10 each at a premium of 10%. The company pays an underwriting commission of 5% on the issue price. The equity shares holders expect a dividend of 15%.

(a) Calculate the cost of equity capital.

(b) Calculate the cost of equity capital, if the market price of the share is Rs. 20.

19. ABC Company Ltd earnings Rs. 5 per share. The capitalization rate is 10% and the return on investment is 12%, determine

(a) The optimum payout

(b) The market price of the share at this payout.

(c) The market price of the share if the payout is 40%.

20. Elaborate the sources of working capital in an organization.

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(For candidates admitted from 2016–2017 onwards)

M.Com. DEGREE EXAMINATION, NOVEMBER 2022.

Cooperative Management

FINANCIAL MANAGEMENT

Time : Three hours Maximum : 75 marks

PART A — (10 × 2 = 20)

Answer ALL questions.

1. Define Financial Management.

2. What is Investment?

3. Give the meaning of Time Value of Money.

4. What is Ratio Approach?

5. Define Cost of Capital.

6. What is Equity Capital?

7. Expand : EBIT and EPS.

8. What do you mean by dividend?

9. Give the meaning of Working Capital.

10. What is Inventory Management?

PART B — (5 × 5 = 25)

Answer ALL questions, choosing either (a) or (b).

11. (a) Describe the nature and scope of Financial Management.

Or

(b) What are the functions of Financial Management?

12. (a) List out the techniques of Time Value of Money.

Or

(b) Ram invests Rs. 20,000 at an interest rate of 10%. The interest is compounded annually. Calculate the compound value after five years.

13. (a) Explain about the importance of cost of capital in decision making.

Or

(b) The following particulars relate ABC Company Ltd.

	Rs.
Equity Share Capital 1,00,000 share of Rs. 10	10,00,000
Profit after tax	9,00,000
Current market price of equity share	75

Calculate the cost of equity.

14. (a) What are the difference between financial structure an capital structure.

Or

(b) List out the limitations of cash flow statement.

15. (a) State the various factors determining the working capital requirements.

Or

(b) Bring out the importance of working capital for a manufacturing organization.

PART C — (3 × 10 = 30)

Answer any THREE questions.

16. Discuss the functional areas of financial Management.

17. Mr. Rajiv deposits Rs. 10,000 at the beginning of each year for four years at 12%. What is the maturity after four years. Calculate the compound value of annuity.