**B.COM DEGREE (C.B.C.S.S) EXAMINATION, OCTOBER 2018**

**THIRD SEMESTER**

**CO3FTET1- FINANCIAL MANAGEMENT**

Time: 3 Hrs Maximum: 80 marks

**Section A**

**(Very Short Answer Questions)**

Answer ***all*** questions. Each question carries **1** mark

1. Define financial management.

2. What is Zero Coupon Bonds?

3. What are Inter-corporate Deposits?

4. What are different forms of stable dividend policy?

5. What are various sources of bonus issue?

6. What are objectives of making bonus issue?

 (3x1=3)

**Section B (Short Answer Questions)**

Answer any ***eight*** questions. Each question carries**2** marks

11. What are different forms of stable dividend policy?

12. What are various sources of bonus issue?

13. What are objectives of making bonus issue?

14. What is operating cycle methods of estimating working capital?

15. Distinguish between seasonal working capital and special working capital.

16. What is Redundant Working Capital?

17. Explain briefly the optimal capital structure?

18. Distinguish between implicit cost and explicit cost.

19. What are the aspects or characteristics of cost of capital?

20. State major objectives of financial management.

21.Explain briefly major routine finance function.

22. What is arbitrage process? (8x2=16)

**Section C**

 **(Descriptive/ Short Essay Type Questions)**

Answer any ***six*** questions. Each question carries **4** marks.

23. Explain the different principles of working capital management?

24. What are the advantages of adequate working capital?

25. What are different types of dividend policy?

26. State the difference between bonus issue and stock split.

27. Explain SEBI guidelines for the issue of bonus shares?

28. Explain Modigliani & Miller approach in capital structure.

29. Explain briefly `Ploughing back of profit”? State its advantages.

30. What are the arguments in favour of profit maximisation?

31. What are the difference between shares and debentures? (6x4=24)

**Section D**

**(Essay Type Questions)**

Answer any ***two*** questions. Each question carries **15** marks

32. What are the objectives of financial management? Explain the argument for and criticism against two objectives profit maximisation and wealth maximisation.

33. What are different classes of shares? What are its relative merits and demerits?

34. Explain Net Income Approach and Net operating income approach using an illustration.

35. Explain MM model of dividend theory. (15x2=30)