



K26P 1244

Reg. No. :

Name :

Second Semester M.Com. Degree (C.B.C.S.S. – O.B.E. – Reg./Supple./Imp.)
Examination, April 2026
(2023 Admission Onwards)
CMCOM 02C08 : FINANCIAL MANGEMENT

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any five** questions in this Section. **Each** question carries **3** marks.

1. Explain the difference between Profit Maximization and Wealth Maximization as financial goals.
2. Distinguish between Gross Working Capital and Net Working Capital.
3. Describe the Net Present Value (NPV) method and its decision rule.
4. Explain the significance of capital budgeting.
5. Explain the characteristics of equity shares and preference shares.
6. Explain the factors affecting dividend decisions of a company. (5×3=15)

SECTION – B

Answer **any three** questions in this section. **Each** question carries **5** marks.

7. Assess the importance of the finance manager's role in achieving organisational goals in a dynamic business environment.
8. Determine the pay-back period for a project which requires a cash outlay of Rs. 10,000 and generates cash outflows of Rs. 2,000, Rs. 4,000, Rs. 3,000 and Rs. 2,000 in the first, second, third and fourth years respectively.

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9. A project requires an initial investment of Rs. 4,00,000. It is expected to generate cash inflows of Rs. 1,20,000, Rs. 1,50,000, Rs. 1,80,000 and Rs. 1,00,000 at the end of the next four years respectively.

Assuming the cost of capital is 10%,

Calculate the Net Present Value (NPV) of the project and state whether the project should be accepted.

10. Examine the relevance of Net Income and Net Operating Income theories in determining optimal capital structure.
11. Evaluate the factors influencing dividend decisions in a growing company. (3×5=15)

SECTION – C

Answer **any three** questions in this Section. **Each** question carries **10** marks.

12. Examine and analyse the role of a financial manager in balancing liquidity and profitability.
13. Analyze the causes and consequences of overcapitalization and undercapitalization.
14. Analyze the relevance of cost of capital in financing and investment decisions.
15. The initial cash outlay of a project is Rs. 50,000 and it generates cash inflows of Rs. 20,000, Rs. 15,000, Rs. 25,000 and Rs. 10,000 in four years. Using present value index method, appraise profitability of the proposed investment assuming 10% rate of discount.
16. A company is maintaining a stable dividend policy despite fluctuating earnings. Analyse the merits and demerits of this approach. (3×10=30)