# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



### **B.A.** DEGREE EXAMINATION – **ECONOMICS**

### SIXTH SEMESTER - APRIL 2022

### **UEC 6503 - FINANCIAL MANAGEMENT**

Date: 20-06-2022	Dept. No.	Max. : 100 Marks
		1

Time: 01:00 PM - 04:00 PM

#### **PART-A**

# Answer any FIVE Questions in about 75 words each:

 $(5 \times 4 = 20 Marks)$ 

- 1. What are the goals of financial management?
- 2. Differentiate between public company and private company.
- 3. Write a short note on Companies Act.
- 4. Distinguish between financial system and financial instruments.
- 5. List out the functions of financial system.
- 6. State the formula for computing the Present Value of Annuity.
- 7. Distinguish between explicit and implicit cost.

### **PART-B**

# Answer any FOUR Questions in about 250 words each:

 $(4 \times 10 = 40 \text{ Marks})$ 

- 8. Enumerate the relationship between financial management, economics and commerce.
- 9. Distinguish between 'Sole Proprietorship' and 'Partnership'.
- 10. Evaluate the various indicators of financial development.
- 11. Examine the equilibrium in the financial markets with four panel diagram.
- 12. Mr. Saravana invests Rs.500, Rs.1000 and Rs.2000 at the end of each year. Calculate the compound value at the end of 3 years compounded annually when interest is charged at 10 % per annum.
- 13. Elucidate the methods of capital budgeting with example.
- 14. a. Define cost of debt. How do you measure the cost of redeemable debt?
  - b. A company issues 10% irredeemable debentures of Rs.1,00, 000. The company is in the 55% tax bracket. Calculate the cost of debt if the debentures are issued at (i) par (ii) 10% discount and (iii) 10% premium.

### **PART-C**

## Answer any TWO Questions in about 900 words each:

 $(2 \times 20 = 40 \text{ Marks})$ 

- 15. Elaborate the role of finance managers in modern India.
- 16. Analyse direct and indirect taxes applicable to companies.
- 17. Describe in detail about valuation of debentures and valuation of equity shares.
- 18. Elucidate the computation of following cost of capital
  - (a) Cost of preference capital
- (b) Cost of redeemable preference shares
- (c) Cost of equity capital
- (d) Weighted average cost of capital.

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