



SN – 376

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V Semester B.Com. Examination, November/December 2014
(Semester Scheme) (Prior to 2014 – 15)

Paper – 5.5 : (E-1) : ADVANCED FINANCIAL MANAGEMENT
100 – 2013 – 14 Only
90 – Prior to 2013 – 14

Time : 3 Hours

Max. Marks : 90/100

- Instructions :** 1) Answer should be **completely** written either in **English** or in **Kannada**.
- 2) Section **A, B, C** – Common to **all** students.
- 3) Section **D** – **Compulsory** for **100** marks paper.

SECTION – A

Answer **any 10** sub-questions. **Each** sub-question carries **2** marks. **(10×2 = 20)**

1. a) What is meant by certainty equivalent co-efficient ?
- b) Define the term capital-budgeting.
- c) What do you mean by stable dividend ?
- d) What is net working capital ?
- e) What is decision tree analysis ?
- f) Mention two benefits of holding inventories.
- g) What do you mean by cost of capital ?
- h) Distinguish between levered and non-levered company.
- i) What is meant by script dividend ?
- j) What is J.I.T. technique ?
- k) What is factoring ?
- l) What is financial structure ?

SECTION – B

Answer **any 5** of the following questions. **Each** carries **5** marks. **(5×5 = 25)**

2. What are the objectives of cash management ?

P.T.O.



3. Explain the Gordon's theory of dividend policy.
4. State the 5 benefits of J.I.T.
5. From the following information calculate the operating cycle in days and amount of working capital requirement.

Period covered	=	365 days
Total cost of production	=	10,000
Total cost of sales	=	10,500
Annual sales	=	16,000
Raw material consumption	=	4,400
Average value of current asset :		
Raw-material	=	320
Work-in-progress	=	350
Finished goods	=	260
Debtors	=	480

All sales are credit sales.

6. Guru Ltd. provides the following information.

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Cash sales	60,000
Credit sales	2,70,000
Return Inwards	20,000
Opening debtors	50,000
Closing debtors	30,000
Provision for doubtful debts	3,000

Calculate :

- i) Debtors turnover ratio
 - ii) Average collection period
- (Note : 360 days for one year)

