



13. What do you mean by dividend payout ratio?  
 14. What do you mean by Annuity?  
 15. What is sweat equity?  
 16. What is marginal cost of capital?  
 17. Define capital structure.  
 18. What is JIT?  
 19. Define Financial Management.  
 20. Enumerate the different methods of ranking investment proposals.

(8 × 2 = 16 Marks)

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

21. What are the different types of dividend policies?  
 22. A firm sells 1,00,000 units of a product. The selling price per unit is Rs.10 and the variable cost per unit is Rs.3. Fixed costs for the year amounts to Rs.3,50,000. Calculate operating leverage and degree of operating leverage, if it sells (a) 1,30,000 units, (b) 95,000 units?  
 23. Calculate EOQ from the following information. Also state the number of orders to be placed a year.
- |                                    |                         |
|------------------------------------|-------------------------|
| Consumption of materials per annum | 40,000 kg               |
| Storage cost                       | 8% of average inventory |
| Ordering cost per order            | Rs. 12.5                |
| Cost per kg of material            | Rs.2                    |
24. Bosh Ltd. has a net operating income of Rs. 5,00,000. It has 10% debentures of Rs. 20,00,000. The cost of equity capital has been estimated at 15%. Compute the value of the firm according to net income theory.  
 25. A project requires an outlay of Rs. 1,00,000 and yields an annual cash inflow of Rs. 25,000 for 7 years. Calculate the payback period for the period.  
 26. Explain the various tools and techniques used for inventory management.  
 27. "Financial leverage is a two-edged sword"-Elucidate.  
 28. X Ltd issues 10 % debentures of Rs. 10,00,000 and realizes Rs. 9,80,000 after paying 2% commission to brokers. The debentures are redeemable at the end of 10<sup>th</sup> year. The rate of tax is 30%. Compute cost of capital.

(6 × 4 = 24 Marks)

(2)

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

29. Explain the theories of capitalization.  
 30. Deva Ltd. which proposes to start functioning on 1<sup>st</sup> April 2020, gives the following estimations for the first six months of its operations. The company has a cash balance of Rs. 60,000 on the opening day.

Month	Sales (in Rs)	Material cost (in Rs)	Labour cost (in Rs)	Overhead cost (in Rs)	Selling Cost (in Rs)
April	20,000	20,000	4,000	3,200	800
May	22,000	14,000	4,400	3,300	900
June	28,000	14,000	4,600	3,400	900
July	36,000	22,000	4,600	3,500	1,000
August	30,000	20,000	4,000	3,200	900
September	40,000	25,000	5,000	3,600	1,200

Following further information are also provided:

- 1) A new machinery is to be installed at Rs.20,000 on credit, to be repaid by two equal instalments June and July.
- 2) 5% sales commission is to be paid within a month following sales.
- 3) Rs. 10,000 being the amount of second call may be received in June. Share premium amounting Rs. 2,000 is also obtainable with the second call.
- 4) Period of credit allowed by suppliers -2 months.
- 5) Period of credit allowed to customers-1 month
- 6) Delay in payment of overheads-1 month
- 7) Delay in payment of wages- ½ month

Prepare a cash budget for the period. Assume cash sales to be 50% of total sales.

31. What is working capital? What are the factors determining working capital requirements?

(2 × 15 = 30 Marks)

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(3)