

①

②

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1) (a) True/False

True (1, 2, 3, 4, 7, 8, 9, 10)
False (5, 6)

(b) Match the following

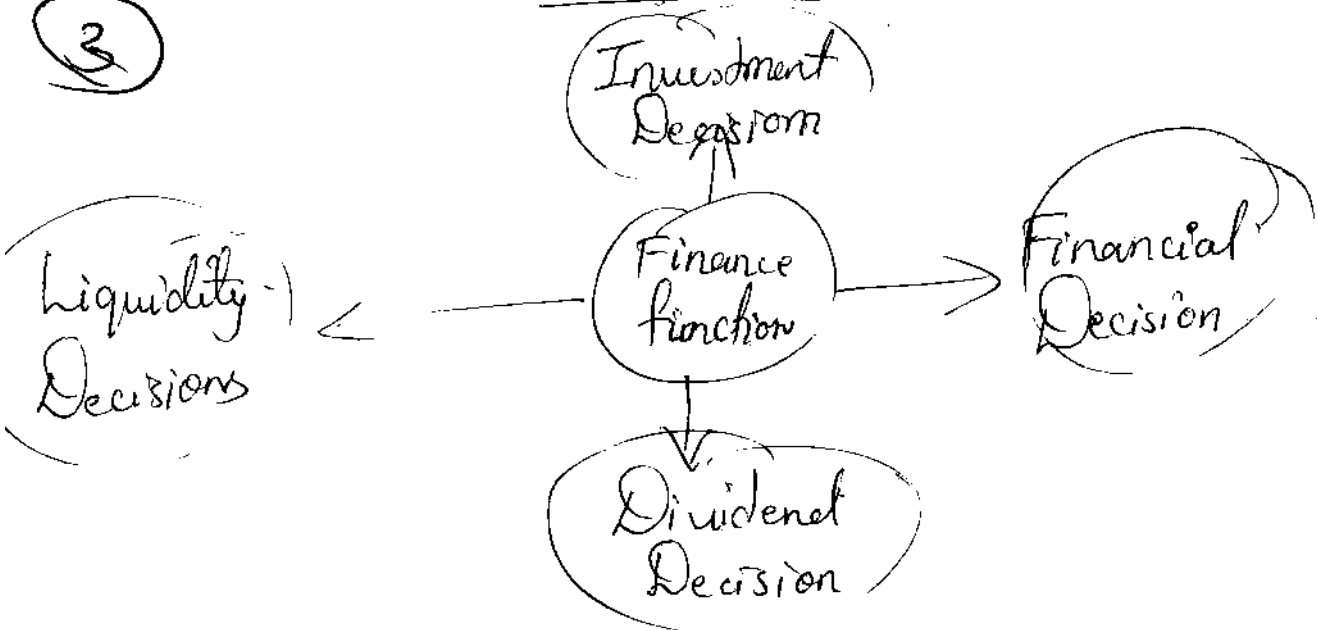
- 1) Savings & Investment of Individual.
- 2) Fixed Assets
- 3) Investment Decision.
- 4) NI & NOI Approach.
- 5) Low geared Company.
- 6) Over Capitalisation
- 7) Right to fixed dividends.
- 8) Bank loan.
- 9) Non Cash Items.
- 10) Capitalisation of Profits or Res & Surplus.

2

①

1(a) ⇒ Nature & Scope of finance functions?

③



b) Functions of Financial Management:-

- 1) Estimation of Capital Requirements.
- 2) Determination of Capital Composition.
- 3) Choice of Sources of funds.
- 4) Investment of funds.
- 5) Disposal of Surplus.
- 6) Management of Cash.
- 7) Financial Controls.

TOR

2k9 Role of Finance Manager?

- 1) Raising of funds.
- 2) Allocation of funds.
- 3) Profit Planning.
- 4) Understanding Capital Markets.

(2)

(b). Steps in Financial Planning

- 1) Evaluating the current financial position
- 2) Developing financial goals.
- 3) Identifying different courses of action.
- 4) Evaluating alternatives
- 5) Creating & Implementing the financial plan.
- 6) Renewating & Revising the plan.

(9)

Q3.9)

Financial Plans

Rs. (Crores)

	(A)	(B)	(C)
EBIT	15	15	15
(-) Int	-	4.50	-
EBT	15	10.5	15
(-) Tax @ 50%	7.5	5.25	7.5
EAT	7.5	5.25	7.5
(-) Pref Divd.	-	-	3.6
Amt available Eq sh.	7.5	5.25	3.9
EPS = $\frac{\text{Amt Available}}{\text{No of Eq shern}}$	0.9	0.6	0.6
	Rs. 8.33 P/s	Rs. 8.75 P. sh.	Rs. 6.5 Psh.

Suggestion:- Plan (b).

W/N

1) Cap Structure

1) Eq sh (Rs. 100 each)

2) 15% Loan

3) 12% Pref Sh Cap.

Amt available \Rightarrow

No. of Eq Sh \Rightarrow

= $\frac{\text{Eq chap}}{\text{Issue price}}$

Additional Funds

	Present	(A)	(B)	(C)
Eq sh	60	30	-	-
15% Loan	-	-	30	-
12% Pref Sh Cap.	-	-	-	30
Amt available \Rightarrow	60	30	30	30
No. of Eq Sh \Rightarrow	60	30	-	-
= $\frac{\text{Eq chap}}{\text{Issue price}}$	100	100	-	-
	0.60 crore Share	0.30 crore Share		

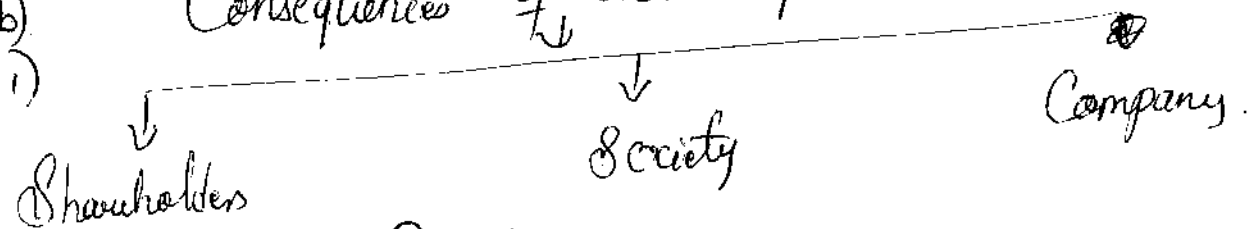
1. Remedies of over Capitalisation:-

- ⇒ Reduction in rate of Interest,
- ⇒ — " — Preference Dividend.

3)(a) Criteria of determining Capital Structure.

- 1) Business Risk.
- 2) Company's Tax Expense
- 3) Financial flexibility
- 4) Management Style
- 5) Growth Rate
- 6) Market Conditions =

(b) Consequences of Under Capitalisation



(H)(a) Types of Debentures

- 1) Secured & Unsecured
- 2) Registered & Bearer.
- 3) Redeemable & Irredeemable.
- 4) Convertible & Non-Convertible
- 5) Preferred & Ordinary
- 6) Equitable & Legal.
- 7) Pouri Passu Clause.

(b)

	Equity Shares	Prof Shares
1)		Meaning
2)	Fluctuating	Rate of Dividend. Fixed.
3)	No	Redemption Yes.

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- Q4) a) External Source of finance
- 1) Equity Shares =
 - 2) Debentures
 - 3) Term Loans
 - 4) Preference Shares
 - 5) Venture Capital.

6

(b) Borrowings from Bank = 'Bank Loan'.

- 1) Features
- 1) Short term Source of finance
- 2) Secured or Unsecured.
- 3) Int Fixed / Variable

Q5) (a) Capital Reserve

- Adv.
- 1) No explicit Cost
 - 2) More dependable
 - 3) No fixed Obligation.

- Disadv.
- 1) Available only to Profitable Co.
 - 2) Concentration of Economic Power
 - 3) Involves opportunity Cost.

Q5) (b) Dep

- Features
- 1) Tax Benefit
 - 2) Replacement of Assets
 - 3) Non-Cash Expenses.

Q5) Write Short notes OR.

* Examiners are requested to exercise their own discretion and allot full marks if the learner has logically justified the answer.

→ [Applicable to all Answers]