



Reg. No. : .....

Name : .....

**Second Semester M.A. (Human Resource Management) Degree  
Examination, August 2016  
HRM 2.2.5 : FINANCIAL MANAGEMENT  
(2014 Admission Onwards)**

Time : 3 Hours

Max. Marks : 75

**PART – I**

Answer **all** questions. Answer should **not** exceed **50** words. **All** questions carry **2** marks.

1. What is 'Capital Gearing' ?
2. What is Watered Capital ?
3. What is meant by Zero Coupon Bond ?
4. State the motives for holding cash.
5. What is meant by weighted average cost of capital ?
6. Differentiate specific cost and composite cost of capital.
7. What is the purpose of preparing Trial Balance ?
8. Differentiate factoring and forfeiting.
9. Write a note on Perpetual Inventory System.
10. Explain briefly the various types of Dividend Policy. (10x2=20 Marks)

**PART – II**

Answer **any five** questions. Answer should **not** exceed **500** words. **All** questions carry **5** marks.

1. What are the methods of maximising the profits of a business ?
2. State the meaning of over capitalisation and under capitalisation and differentiate it.



13. What are the factors influencing the size of Receivables ?
14. What are the purpose of holding Inventories ?
15. What are the advantages of issue of Bonus Shares ?
16. Distinguish between Balance Sheet and Profit and Loss Account.
17. Explain briefly the important aspects of the capital budgeting process.
18. Distinguish between Operating Leverage and Financial Leverage. (5×5=25 Marks)

### PART – III

Answer **any two** questions. Answer should **not** exceed **1200** words. **Each** question carries **15** marks.

19. What is Financial Management ? What major decisions are required to be taken in Finance ?
20. What do you understand by working capital ? Explain the concepts of working capital.
21. What is capital structure ? Explain the factors determining capital structure.
22. The following balances were extracted from the books of Sri. A. Anand for the year ending 31<sup>st</sup> March 2015. Prepare Trial Balance, Profit and Loss Account and a Balance Sheet.

	₹		₹
Stock as on 1-4-2014	22,000	Capital	85,000
Sales	1,46,000	Book Debts	25,000
Office Salaries	12,500	Cash at Bank	25,000
Discount received	1,000	Sundry creditors	10,000
Discount paid	2,500	Wages	20,000
Plant and Machinery	25,000	Investments	25,000
Purchases	85,000		

Stock as on 31<sup>st</sup> March 2015 Rs. 10,000.

**(2×15=30 Marks)**