



Reg. No. : .....

Name : .....

**Second Semester M.A. (Human Resource Management) Degree  
Examination, August 2015  
(2014 Admission)**

**HRM 2.2.5 : FINANCIAL MANAGEMENT**

Time : 3 Hours

Max. Marks : 75

**PART – I**

Answer **all** questions. Answer should **not** exceed **50** words. **Each** question carries **2** marks.

1. What are the objectives of a business ?
2. Write a note on optimal capital structure.
3. What is meant by cost of capital ?
4. What are the sources of short term working capital ?
5. State and explain shortly various motives for holding cash.
6. What are the functions of a factor ?
7. Write notes on perpetual inventory system.
8. What do you mean by capital gearing ?
9. Enlist the factors that influence the dividend policy of a firm.
10. What is meant by weighted average cost of capital ? (10×2=20 Marks)

**PART – II**

Answer **any five** questions. Answer should **not** exceed **500** words. **Each** question carries **5** marks.

11. What are the essential features of a sound capital structure ?
12. How the cost of zero coupon bonds determined ?
13. Explain briefly the concepts of working capital.



14. What are the factors influencing the size of receivables ?
15. Explain briefly the meaning and nature of inventory.
16. What do you understand by Bonus shares ? What are its objects ?
17. Distinguish between Balance sheet and Trial balance.
18. Briefly explain the important aspects of the capital budgeting process. (5×5=25 Marks)

### PART – III

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

19. Define the term 'working capital'. What factors would you take into consideration in estimating the working capital needs of a concern ?
20. What do you understand by cash management ? How can it be undertaken ?
21. What is financial management ? What major decisions are required to be taken in finance ?
22. From the following balances extracted from the books of Sri. Ganesh as on 31<sup>st</sup> March 2015 prepare Trial Balance, Trading, Profit and Loss account and a Balance Sheet.

	Rs.
Capital as on 1 <sup>st</sup> April 2014	1,00,000
Drawings	18,000
Buildings	15,000
Furniture and fittings	7,000
Sales	50,000
Purchases	75,000
Stock on 1 <sup>st</sup> April 2014	25,000
Establishment expenses	15,000
Freight inwards	2,000
Freight outwards	1,000
Debtors	20,000
Creditors	28,000
Stock on 31 <sup>st</sup> March 2015 is Rs. 20,000.	

(2×15=30 Marks)