NP – 910

VI Semester B.Com. Examination, June/July 2026
(NEP)
COMMERCE
COM 6.1 : Advanced Financial Management

Time : 2½ Hours Max. Marks : 60

Instruction : *Answers should be written completely either in* ***English*** *or in* ***Kannada****.*

SECTION – A

Answer **any 6** sub-questions. **Each** sub-question carries **2** marks. **(6×2=12)**

1. a) Define cost of capital.

   b) What are floatation cost ?

   c) What do you mean by risk analysis ?

   d) What is probability technique in risk analysis ?

   e) What is business ethics ?

   f) What is agency relationship ?

   g) State any 4 types of dividends.

   h) Mention any 2 assumptions of Gordon Model.

SECTION – B

Answer **any 3** questions. **Each** question carries **4** marks. **(3×4=12)**

2. Explain any 4 reasons for mergers and acquisitions.

3. Explain the forms of dividend.

4. Praveen Ltd. issues 12%, 1,000 redeemable debenture of ₹ 100 each at par and realized ₹ 90,000 after 10 years. What will be the cost of redeemable debenture before tax ?

5. If investment proposal cost ₹ 50,00,000 and risk free rate is 5%. Calculate NPV under certainty equivalent approach.

Year	Expected Cash	Certainty Equivalent Co-efficient
1	12,00,000	0.90
2	16,00,000	0.85
3	20,00,000	0.82
4	30,00,000	0.78

6. Chandru Ltd. is intending to acquire Veeru Ltd. by merger and the following information is available in respect of the companies.

Particulars	Chandru Ltd.	Veeru Ltd.
Number of Equity Shares	10,00,000	8,00,000
Earnings after tax ₹	51,00,000	26,00,000
10% preference share capital	10,00,000	20,00,000

Calculate Exchange ratio.

SECTION – C

Answer **any 3** questions. **Each** question carries **12** marks. **(3×12=36)**

7. Explain the principles of business ethics.

8. Explain briefly about the merger negotiation process.

9. A company has on its books the following accounts and specific costs of each type of capital.

Type of Capital	Book Value	Market Value	Specific costs (%)
Debt	4,00,000	3,80,000	5%
Preference shares	1,00,000	1,10,000	8%
Equity shares	6,00,000	12,00,000	15%
Retained Earnings	2,00,000	–	13%

Determine the weighted average cost of capital using

a) Book value weights and

b) Market value weights.

10. From the following details relating to a Prabha Company Ltd. determine the market price of share under Gordon's Model.

- Earning per share – ₹ 15
- Cost of capital – 8%
- Rate on investment – 10%
- Pay out ratio – 35%, 25%, 20%.

11. On the basis of the following information, calculate standard deviation and co-efficient of variance of project P and Q.

	Project P		Project Q	
Year	**Cash Inflows**	**Probabilities**	**Cash Inflows**	**Probabilities**
1	30,000	0.1	25,000	0.1
2	50,000	0.2	45,000	0.15
3	25,000	0.4	20,000	0.5
4	20,000	0.2	15,000	0.15
5	70,000	0.1	65,000	0.1

Recommend which project should be accepted.

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ವಿಭಾಗ – ಎ

ಕೆಳಗಿನ ಯಾವುದಾದರೂ **6** ಉಪ-ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಉಪ-ಪ್ರಶ್ನೆಗೆ **2** ಅಂಕಗಳು ಮಾತ್ರ. **(6×2=12)**

1. a) ಬಂಡವಾಳದ ವೆಚ್ಚವನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿ.

   b) ವಿತರಣಾ ವೆಚ್ಚ ಎಂದರೇನು ?

   c) ಅಪಾಯ ವಿಶ್ಲೇಷಣೆಯ ಅರ್ಥವನ್ನು ತಿಳಿಸಿ.

   d) ಅಪಾಯ ವಿಶ್ಲೇಷಣೆಯಲ್ಲಿ ಸಂಭವನೀಯತೆ ತಂತ್ರ ಎಂದರೇನು ?