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V Semester B.Com. (BDA/T&T/LSCM/I&AS) Degree Examination,

February/March - 2024

COMMERCE

Financial Management

(NEP Semester Scheme Regular)

Paper : 5.1



Time : 2½ Hours

Maximum Marks : 60

*Instructions to Candidates:*

Answers should be written in English only.

**SECTION - A**

Answer any **Five** questions. Each sub question carries **Two** marks.

(5×2=10)

1. a) Define financial management.
- b) What is time value of money?
- c) What is net present value?
- d) Give the meaning of working capital.
- e) Sales for the year 2022-23 Rs. 2,00,000, variable cost Rs. 1,00,000 and fixed cost Rs. 25,000. Calculate EBIT.
- f) What do you mean by profit maximisation?
- g) Write any four sources of long term finance.

**SECTION - B**

Answer any **Four** of the following questions. Each question carries **Five** marks.

(4×5=20)

2. Briefly explain five characteristics of a sound financial planning.
3. Calculate the present value of Rs. 1,00,000 receivable for 5 years at an effective rate of interest of 12% p.a.
4. State any five factors which influence the investment decision in an organisation.

[P.T.O.]



5. Bindu Ltd. is proposing to take up a project, which requires an investment of Rs. 4,20,000. Net income after depreciation and before Tax of 30% is estimated as follows :

Year	1	2	3	4	5
Amount (Rs.)	30,000	36,000	42,000	48,000	60,000

Calculate the average rate of return on original investment.

6. Calculate three leverages from the following information.

Selling price per unit Rs.10; units sold 90,000; variable cost per unit Rs.6; Fixed cost Rs. 1,20,000, 10% debt capital Rs. 3,00,000.

### SECTION - C

Answer any **Two** of the following questions. Each question carries **Twelve** marks.

(2×12=24)

7. Briefly explain the various factors determining the working capital.
8. Joshitha Ltd. is capitalized with 50,000 equity shares of Rs.10 each. The company is in need of additional amount of Rs. 5,00,000 for its expansion. The following are the different plans for its expansion.
- All amount in equity shares.
  - Rs. 2,50,000 in equity shares and the balance in preference shares carrying 10% dividend.
  - Rs. 2,50,000 in equity shares and the balance in debentures at 10% interest.
  - All amount in debentures at 8% interest. The tax rate is 50% and the existing EBIT is Rs. 60,000 p.a.

You are required to :

- Calculate EPS for four plans.
- Calculate EPS if EBIT is doubled.



9. A firm UdayaSree Ltd. whose cost of capital is 10% is considering two mutually exclusive projects 'X' and 'Y'. The details of which are as follows :

Particulars		Project 'X' (Rs.)	Project 'Y' (Rs.)
Investment		<u>70,000</u>	<u>70,000</u>
Cash in flow per year	1	10,000	60,000
	2	20,000	40,000
	3	30,000	20,000
	4	45,000	10,000
	5	60,000	10,000
<b>Total</b>		<u>1,65,000</u>	<u>1,40,000</u>

The present value of Rupee 1 at 10% discount rate is as follows :

Year	1	2	3	4	5
Discount factor	0.909	0.826	0.751	0.683	0.621

**Compute :**

- Payback period.
- Net present value
- Profitability index.

#### SECTION - D

Answer any One of the following questions. Each question carries Six marks.

(1×6=6)

- Calculate payback period with imaginary figures of uneven cash inflow for three years.
  - Prepare the list of functions of Finance Manager of a Company.
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