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BCMCMCN 501

**V Semester B.Com. Degree Examination, December 2023/January 2024**  
**(NEP 2020) (2023 – 24 Batch Onwards)**  
**FINANCIAL MANAGEMENT**

Time : 2 Hours

Max. Marks : 60

**SECTION – A**

Answer **any five** questions.

**(5×2=10)**

1. What is the meaning of Financial Management ?
2. What is the meaning of future value of money ?
3. Calculate operating leverage from the following :
  - a) Selling price per unit Rs. 25.
  - b) Number of units sold 2,00,000.
  - c) Variable cost per unit Rs. 15.
  - d) Fixed cost Rs. 4,00,000.
4. Write the meaning of point of indifference.
5. A project requires Rs. 50,00,000 as initial investment, Rs. 6,00,000 annual cash inflow for eight years. Calculate payback period.
6. What is the meaning of capital budgeting ?
7. What is the meaning of working capital ?
8. What do you mean by inventory management ?

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SECTION – B

Answer **any four** questions.

(4×5=20)

9. Explain the different steps in financial planning.
10. Mr. Muniraju is supposed to receive a payment of Rs. 80,000 after 3 years. He wants to know the present value of this future amount if the discount rate is 8% compounded annually.
11. Rituparna Ltd. has sales of 5,000 units at Rs. 200 per unit. The variable cost of the product is ₹ 100 per unit. Fixed cost is Rs. 1,80,000. The company has used 15% debentures of Rs. 7,50,000 for capital purposes. Calculate financial leverage of the company. Tax rate 50%.
12. The operating profit (EBIT) of Nakshatra Ltd. is Rs. 3,00,000. Its capital structure is as follows :
  - 10% debentures = Rs. 10,00,000
  - 12% preference shares = Rs. 2,00,000
  - Equity shares of Rs. 100 each = Rs. 8,00,000
  - Tax rate is 40%
 Calculate Company's EPS.

13. ABC Ltd. provides the following information :

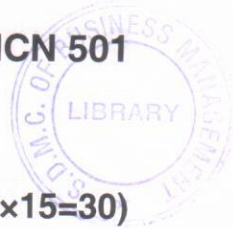
Cash inflows after tax before depreciation is Rs. 1,00,000 p.a. for 5 years estimated.

Purchase price of the machine Rs. 1,90,000

Year	1	2	3	4	5
<b>P.V. factor</b>	0.909	0.826	0.751	0.683	0.621

Calculate NPV of the project.

14. Calculate working capital.
  - i) Sales in units 1,00,000
  - ii) Selling price per unit ₹ 10
  - iii) Net profit 20%
  - iv) Average collection period 3 months
  - v) Average payment period 1 month
  - vi) Average period of inventory 2 months.



SECTION – C

Answer **any two** questions.

(2×15=30)

- 15. What are functions of financial management ?
- 16. Vihan Ltd., provides the following information :
  - a) Actual production and sales : 10,000 units.
  - b) Selling price per unit Rs. 10.
  - c) Variable cost per unit Rs. 5.
  - d) Fixed cost Rs. 38,000.
  - e) Funds required Rs. 1,00,000.

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Financial Plan	A	B	C
Capital structure (%)			
Equity shares of Rs. 100 each	60%	40%	35%
15% Debentures	40%	60%	50%
10% Preference shares of Rs. 100 each	–	–	15%

Assume tax at 40%. Calculate the leverages and earnings per share.

- 17. A project cost Rs. 5,00,000. Its cash inflow during the first 5 years is Rs. 1,00,000, Rs. 1,20,000, Rs. 1,40,000, Rs. 1,60,000 and Rs. 2,00,000 respectively. Calculate the Accounting Rate of Return, PI and NPV for the project with cost of capital 10%.

Year	1	2	3	4	5
PV factor @ 10%	0.909	0.826	0.751	0.683	0.621

- 18. An extract of a cost sheet of Chakra Ltd. shows the following information :

Elements of Cost	Cost per unit (Rs.)
Raw materials	100
Direct labour	50
Overheads	70
Profit	30
Selling price	250



The following information are provided to you :

- a) Raw materials are in stock for a period of 2 months.
- b) Materials are in progress for 1 month.
- c) Finished goods in stock are on an average for 1½ months.
- d) Credit allowed to customers is 1 month.
- e) Credit allowed by suppliers is 2 months.
- f) Lag-in-payment of wages is 1 month.
- g) Lag-in-payment of overhead expenses is 1 month.
- h) Cash in hand and at bank is expected to be Rs. 50,000.

Prepare a statement showing the working capital needed to finance a level of activity of 50,000 units of production.