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BCMCMCN 501

**V Semester B.Com. Degree Examination, December 2024/January 2025
(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 meant by financial management ?
2. Write any two objectives of finance function.
3. What is time preference of money ?
4. Mr. Mallik invested ₹1,00,000 in a co-operative bank for 10% interest. Calculate the value of the investment after 3 years.
5. 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.
6. State any two features of capital budgeting decision.
7. What is the meaning of working capital ?
8. What is receivable management ?



SECTION – B

Answer **any four** questions.

(4×5=20)

9. Explain the factors which affects financial plan.
10. Ms. Shakira wants to purchase a house after 5 years for which she has to make a payment of Rs. 75 lakhs. How much she should invest at the end of each year if her savings earn a 12% compound return ?

P.T.O.



11. From the following information, compute operating leverages of Ramesh Co. Ltd. and Umesh Co. Ltd. State which Company Ltd. enjoys higher leverage and which has lower risk.

Particulars	Ramesh Co. Ltd.	Umesh Co. Ltd.
Sales (Rs.)	10,00,000	10,00,000
Variable cost (on sales)	40%	50%
Fixed cost (Rs.)	2,50,000	2,00,000

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 Earnings per share.



13. From the following information, calculate the net present value of the project. Cash inflows after tax before depreciation is Rs. 1,00,000 p.a. and estimated life of project is 5 years. Initial investment of the project is Rs. 2,00,000.

Year	1	2	3	4	5
P.V. factor (10%)	0.909	0.826	0.751	0.683	0.621

14. Following information has been taken from the financial statements of Seetha Ltd., a manufacturing unit.

Particulars	Amount in Crores
Average credit period allowed by supplier (in days) – 45 days	Rs.
Average debtors outstanding	60
Raw materials consumed	90
Cost of goods sold	240
Cost of production	218
Sales	300
Inventory of :	
a) Raw materials	8
b) Work in progress	9
c) Finished goods	6.5

Calculate operating cycle assuming that information given above is for a full one year period and credit period offered to the customer is fully availed. (Assume 360 days in a year).



SECTION – C

Answer **any two** questions.

(2x15=30)

15. Explain in detail various objectives of financial management.

16. Rihan Ltd. provides the following information :

- a) Actual production and sales : 10,000 units.
- b) Selling price per unit Rs. 100
- c) Variable cost per unit Rs. 50
- d) Fixed cost Rs. 3,80,000
- e) Funds required Rs. 10,00,000.



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 company is considering an investment proposal to purchase a machine costing Rs. 2,50,000. The machine has a life expectancy of 5 years and no salvage value. The tax rate is 40%. Firm uses a straight-line method of depreciation. The expected cash inflows after tax before depreciation are as follows :

Year	Cash Inflows	P.V. @ 10%
1	70,000	0.909
2	60,000	0.826
3	1,00,000	0.751
4	90,000	0.683
5	1,50,000	0.621

- Calculate
- a) Payback period
 - b) Net present value
 - c) Profitability Index.



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 to suppliers is 2 months
- f) Lag-in-payment of wages is 1 month
- g) Lag-in-payment of overhead expenses is 1 month
- h) ¼th of the output is sold for cash
- i) 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.