

**B.M.S COLLEGE FOR WOMEN**  
**BENGALURU – 560004**

**V SEMESTER END EXAMINATION – JAN/FEB -2024**

**B.Com. - FINANCIAL MANAGEMENT**  
**(NEP Scheme 2021-22onwards)**

**Course Code: COM5DSC13**  
**Duration: 2 ½ Hours**

**QP Code: 5036**  
**Max. Marks: 60**

*Instructions: Answer all the sections.*

**SECTION-A**

**1. Answer any FIVE of the following questions. Each carry TWO marks. (5X2=10)**

- What is Financial Management?
- Name any two principles of financial planning.
- What is time preference of money?
- What is trading on equity?
- Original Investment is Rs.30000, salvage value is 15% and working Capital is Rs.5000. Calculate Average Investment?
- Sales is 10000 units and Variable cost is 30%, Fixed cost is Rs.75000. Calculate Contribution if the Selling Price is Rs.100 per unit.
- Name any four sources of working capital?

**SECTION-B**

**Answer any FOUR of the following question. Each question carries FIVE marks. (4X5=20)**

- Explain the importance of Financial management?
- What are the dangers of inadequate working capital?
- A invest Rs.100000 in a bank at 10% p.a. for 5 years. Calculate the maturity value if interest is compounded i) annually ii) semi annually.
- |                          |            |
|--------------------------|------------|
| Total sales of a company | Rs.500000  |
| Total variable cost      | Rs.300000  |
| Total fixed cost         | Rs.100000  |
| 6% Debenture capital     | Rs.1000000 |

Find three types of leverages.
- A project is estimated to cost Rs.16200. It is expected to have a life of 3 years and generate cash inflows of Rs.8000, Rs.7000 and Rs.6,000. Calculate Internal Rate of Return if the discount rates are 14% and 16%.

### SECTION-C

Answer any TWO of the following question. Each question carries TWELVE marks. (2X12=24)

7. Profit maximization is the basic goal of a finance manager. Do you agree? Discuss.
8. Ajay Ltd., capitalised with Rs.2000000 divided in to200000 Equity share of Rs.10 each. The management desires to raise another Rs.2000000 to finance a major expansion programme. There are four possible financing plans.
  - a. All equity shares
  - b. Rs.500000 in equity shares and Rs.500000 in debentures carrying 10% interest.
  - c. All debentures carrying 8% interest.
  - d. Rs.500000 in equity shares and Rs.500000 in preference shares carrying 10% dividend.

The existing EBIT amounts to Rs. 240000.p.a.

- I) You are require to calculate EPS under each of the above four financial plans. Assuming a tax rate of 50%.
  - II) Calculate EPS, if on the account of expansion level of EBIT is doubled and comment.
9. A firm's cost of capital is 10%. It is considered two mutually exclusive projects X and Y. The details are given below.

|            | Project X       | Project Y |
|------------|-----------------|-----------|
| Investment | 140000          | 140000    |
| Year       | Net Cash inflow |           |
| 1          | 20000           | 120000    |
| 2          | 40000           | 80000     |
| 3          | 60000           | 40000     |
| 4          | 90000           | 20000     |
| 5          | 120000          | 20000     |

Calculate:

- a) Pay Back Period
- b) Net Present Value
- c) Accounting Rate of Return

### SECTION-D

Answer any ONE of the following questions. Each question carries SIX marks. (1X6=6)

10. Illustrate the challenges of modern financial management.
11. Show the diagrammatical representation of operating cycle along with its components and equation.

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