

NP – 326

V Semester B.Com. Examination, January/February 2025
(NEP) (Freshers/Repeaters)
COMMERCE
DSC 5.1 : Financial Management

Time : 2½ Hours

Max. Marks : 60

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

SECTION – A

1. Answer **any six** sub-questions. **Each** sub-question carries **two** marks. (6×2=12)
- State any four components of working capital.
 - Define financial management.
 - What is operating leverage ?
 - What is time value of money ?
 - What is financial planning ?
 - Initial investment ₹ 20,00,000, residual value ₹ 4,00,000, working life 10 years, additional working capital ₹ 2,00,000. Calculate average investment.
 - Profit before tax ₹ 2,00,000, tax rate 50%, number of equity shares 10,000. Calculate EPS.
 - Calculate the present value of ₹ 80,000 received after 6 years, if the discount rate is 9%.



SECTION – B

Answer **any three** questions. **Each** question carries **four** marks.

(3×4=12)

- Mention the functions of financial management.
- Briefly explain the motives of holding cash.



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4. Calculate the future value at the end of five years of the following series of payments @ 10% rate of interest.

Year	Amount (₹)
1	4,000
2	5,000
3	6,000
4	7,000
5	8,000

5. A firm has sales of ₹ 20,00,000, variable cost of ₹ 14,00,000, fixed cost ₹ 4,00,000, 10% debt capital of ₹ 10,00,000. Calculate three types of leverages.
6. GM company Ltd. is considering the purchase of new machine, two alternatives machines V and B have been suggested, each costing ₹ 6,00,000. Following are the expected cash inflows:

Year	1	2	3	4	5
Machine V (₹)	1,80,000	2,40,000	3,00,000	1,80,000	1,20,000
Machine B (₹)	60,000	1,80,000	2,40,000	3,60,000	2,40,000

Calculate payback period.

SECTION – C

Answer **any three** questions. **Each** question carries **twelve** marks.

(3×12=36)

7. Who is finance manager ? What is the role of finance manager in an organization ?
8. What do you mean by working capital ? Explain the determinants of working capital.



9. Mohith Limited Company has equity share capital of ₹ 5,00,000 divided into shares of ₹ 100 each. It wishes to raise further capital of ₹ 3,00,000 for expansion. The company plans the following financial schemes.

- All common stock.
- One lakh in common stock and two lakhs in debt @ 10% p.a.
- All debt at 10% p.a.
- One lakh in common stock and two lakhs in preference capital with a rate of dividend at 8%.

The company EBIT is ₹ 1,50,000. Tax rate is 50%. Determine the EPS (Earnings per share) in each plan and suggest which plan is suitable.

10. A firm whose cost of capital is 10% is considering two project H and R, the details of which are

Particulars	Project H ₹	Project R ₹
Investment	1,00,000	1,00,000
Cash inflow :		
I year	20,000	45,000
II year	30,000	40,000
III year	40,000	30,000
IV year	50,000	10,000
V year	60,000	8,000
Total	2,00,000	1,33,000

Compute the Internal Rate of Return for the two projects separately. Project H by 20% and 29%, project R by 9% and 15%. Use the following discount factor for calculating IRR.

Year	Project H		Project R	
	20%	29%	9%	15%
1	0.833	0.775	0.917	0.870
2	0.694	0.601	0.842	0.756
3	0.579	0.466	0.772	0.658
4	0.483	0.361	0.708	0.572
5	0.402	0.280	0.650	0.497

11. Chinnu Company Ltd. has a equity share capital of ₹ 1,00,000 divided into shares of ₹ 10 each (equity) it has major expansion programme requiring an investment of ₹ 50,000. The management is considering the following alternatives for raising the amount.

- Inve. of 5,000 shares of ₹ 10 (equity).
- Inve. of 5,000 12% preference shares of ₹ 10% each.
- Inve. of 10% debenture of ₹ 50,000.

The company's present earnings before interest and tax is ₹ 30,000 p.a. Calculate EPS in each plan and suggest a suitable plan.

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- ಯಾವುದಾದರೂ ಆರು ಉಪ-ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಉಪ-ಪ್ರಶ್ನೆಗೆ ಎರಡು ಅಂಕಗಳು. (6×2=12)

 - ದುಡಿಯುವ ಬಂಡವಾಳದ ಯಾವುದಾದರೂ 4 ಅಂಶಗಳನ್ನು ತಿಳಿಸಿ.
 - ಹಣಕಾಸು ನಿರ್ವಹಣೆಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿ.
 - ಕಾರ್ಯನಿರ್ವಹಣಾ ಸನ್ನೆ ಎಂದರೇನು ?
 - ಹಣದ ಸಮಯ ಮೌಲ್ಯ ಎಂದರೇನು ?
 - ಹಣಕಾಸು ಯೋಜನೆ ಎಂದರೇನು ?
 - ಪ್ರಾರಂಭಿಕ ಬಂಡವಾಳ ₹ 20,00,000, ಉಳಿಕೆ ಮೌಲ್ಯ ₹ 4,00,000, ದುಡಿಯುವ ಕಾಲಾವಧಿ 10 ವರ್ಷಗಳು, ಹೆಚ್ಚುವರಿ ದುಡಿಯುವ ಬಂಡವಾಳ ₹ 2,00,000. ಸರಾಸರಿ ಹೂಡಿಕೆಯನ್ನು ಕಂಡುಹಿಡಿಯಿರಿ.
 - ತೆರಿಗೆಗೆ ಮುಂಚಿನ ಲಾಭ ₹ 2,00,000, ತೆರಿಗೆ ದರ ಶೇ.50, ಒಟ್ಟು ಸಾಮಾನ್ಯ ಶೇರುಗಳು 10,000 ಆದಾಗ ಪ್ರತಿ ಶೇರಿನ ಆದಾಯ ಕಂಡುಹಿಡಿಯಿರಿ.
 - ಶೇ. 9 ರ ರಿಯಾಯಿತಿ ದರದಲ್ಲಿ ಆರು ವರ್ಷಗಳ ನಂತರ ಪಡೆಯಲಾಗುವ ₹ 80,000 ದ ಪ್ರಸ್ತುತ ಮೌಲ್ಯ (PV) ಕಂಡುಹಿಡಿಯಿರಿ.