

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**BCom DEGREE EXAMINATION DECEMBER 2025  
(Fifth Semester)**

Branch – **COMMERCE (BUSINESS ANALYTICS)**

**FINANCIAL MANAGEMENT TECHNIQUES**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Financial Management primarily deals with: a) Marketing and sales b) Efficient procurement and utilization of funds c) Human resource management d) Production planning	K1	CO1
	2	Objectives of Financial Management The main objective of Financial Management is: a) Maximizing sales b) Minimizing costs c) Maximization of shareholder wealth d) Maximizing employee satisfaction	K2	CO1
2	3	The main objective of financial statement analysis is to: a) File tax returns b) Evaluate the financial performance of the company c) Promote the company's products d) Pay employee salaries	K1	CO2
	4	The analysis that compares financial data of one company with another company is called: a) Horizontal analysis      b) Vertical analysis c) Inter-firm comparison      d) Intra-firm comparison	K2	CO2
3	5	Capital budgeting refers to: a) Managing daily working capital b) Planning for short-term investments c) Evaluating and selecting long-term investment projects d) Preparing annual budgets	K1	CO3
	6	The main objective of capital budgeting is to: a) Maximize operational expenses b) Minimize labor costs c) Maximize the firm's value by selecting profitable projects d) Reduce tax burden	K2	CO3
4	7	Which of the following is not a long-term source of finance? a) Equity shares      b) Debentures c) Trade credit      d) Retained earnings	K1	CO4
	8	Debentures are a type of: a) Equity finance      b) Preference share c) Debt finance      d) Internal finance	K2	CO4
5	9	Bank overdraft is classified as: a) Long-term finance      b) Internal finance c) Spontaneous finance      d) Short-term borrowing	K1	CO5
	10	Which of the following is an internal source of working capital? a) Bank overdraft      b) Issue of shares c) Retained earnings      d) Public deposits	K2	CO5

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**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO																																										
1	11.a.	List out the functional areas of financial management.	K2	CO1																																										
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	11.b.	Bank has deposited Rs 50,000 in IOB. Interest is compounded at 6% p.a for 3 years. Compute the amount of maturity.																																												
2	12.a.	<p>The following are the extracts from the income statements of Bright LTD. for the 6 years ending 1999. You are required to calculate trend percentages taking 1994 as the base year and give two major conclusions you can draw.</p> <p>(Figures in thousands)</p> <table> <tr> <th>Particulars</th> <th>1994</th> <th>1995</th> <th>1996</th> <th>1997</th> <th>1998</th> <th>1999</th> </tr> <tr> <td>Sales</td> <td>300</td> <td>340</td> <td>420</td> <td>480</td> <td>520</td> <td>600</td> </tr> <tr> <td>Cost of goods sold</td> <td>180</td> <td>204</td> <td>256</td> <td>287</td> <td>300</td> <td>330</td> </tr> <tr> <td>Office Expenses</td> <td>40</td> <td>42</td> <td>45</td> <td>50</td> <td>55</td> <td>60</td> </tr> <tr> <td>Selling expenses</td> <td>20</td> <td>25</td> <td>30</td> <td>40</td> <td>50</td> <td>60</td> </tr> <tr> <td>Net profit/loss</td> <td>60</td> <td>69</td> <td>89</td> <td>103</td> <td>115</td> <td>150</td> </tr> </table>	Particulars	1994	1995	1996	1997	1998	1999	Sales	300	340	420	480	520	600	Cost of goods sold	180	204	256	287	300	330	Office Expenses	40	42	45	50	55	60	Selling expenses	20	25	30	40	50	60	Net profit/loss	60	69	89	103	115	150	K3	CO2
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<p>Prepare a Common Size Statement of Profit &amp; Loss from the following and interpret the same:</p> <p>STATEMENT OF PROFIT &amp; LOSS</p> <table> <tr> <th></th> <th>Note No</th> <th>31<sup>st</sup> March 2018</th> <th>31<sup>st</sup> March 2017</th> </tr> <tr> <td>Revenue from Operations</td> <td></td> <td>Rs 25,00,000</td> <td>Rs 20,00,000</td> </tr> <tr> <td>Other Income</td> <td></td> <td>1,00,000</td> <td>1,00,000</td> </tr> <tr> <td>Cost of Materials Consumed</td> <td></td> <td>17,00,000</td> <td>14,00,000</td> </tr> <tr> <td>Finance Costs</td> <td></td> <td>2,00,000</td> <td>1,60,000</td> </tr> <tr> <td>Other Expenses</td> <td></td> <td>1,00,000</td> <td>1,40,000</td> </tr> </table>		Note No	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	Revenue from Operations		Rs 25,00,000	Rs 20,00,000	Other Income		1,00,000	1,00,000	Cost of Materials Consumed		17,00,000	14,00,000	Finance Costs		2,00,000	1,60,000	Other Expenses		1,00,000	1,40,000																						
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3	13.a.	Calculate the payback period for a project which requires a cash outlay of Rs 4, 00,000. And generate cash inflows of Rs 100000, Rs 1, 40,000, Rs 1,20,000 and 1,00,000 in first, second, third and fourth years respectively.	K2	CO3																																										
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	13.b.	<p>Compute ARR from the following data.</p> <p>Cost of asset: Rs 4,00,000</p> <p>Useful life 5 years</p> <p>Cash flow tax (CFAT) Rs 1,72,000 p.a</p>																																												
4	14.a.	Janaki Ltd issued 12,000 10% debentures of Rs 100 each a par.The tax rate is 50%. Calculate before tax and after tax cost of debt.	K3	CO4																																										
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	14.b.	Skylekha Ltd has EBIT of Rs 2, 50,000. The cost of debt is 8% and the outstanding debt is Rs 10, 00,000. The overall capitalization rate (k <sub>o</sub> ) Is 12.5%. Calculate the total value of the firm and equity capitalization rate under NOI Approach.																																												

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5	15.a.	<p>Calculate the working capital requirements of a company from the information given below.</p> <p>Operating cycle components</p> <p>Raw material=60 days</p> <p>W.I.P =45 days</p> <p>Finished goods=15 days</p> <p>Debtors =30days</p> <p>Creditors=60 days</p> <p>Annual turnover =73 lakh, cost structure (as% of sale price) is Materials 50% Lab our 30%, overheads 10% and profit = 10% of the overheads,30% constitute depreciation.</p> <p>Desired cash balance to be held at all times Rs 3 lakh.</p>	K2	CO5									
	(OR)												
	15.b.	<p>Prepare a statement showing the working capital requirements of Swaraj Ltd.,</p> <p>Budgeted Sales Rs. 2, 60,000 p.a.</p> <p>Analysis of Sales (Per Unit):      Rs.</p> <table border="0"> <tr> <td>Raw Materials</td> <td>3</td> </tr> <tr> <td>Direct Labour</td> <td>4</td> </tr> <tr> <td>Overhead</td> <td>2</td> </tr> <tr> <td>Total Cost</td> <td>9</td> </tr> <tr> <td>Profit</td> <td>1</td> </tr> <tr> <td>Sale Price</td> <td>10</td> </tr> </table> <p>It is estimated that:</p> <p>(1) Raw materials remain in stock for 3 weeks and finished goods for 2 weeks.</p> <p>(2) Factory processing takes 3 weeks.</p> <p>(3) Suppliers allow 6 weeks credit.</p> <p>(4) Customers are allowed 8 weeks credit. Assume that production and overhead's accrue evenly throughout the year.</p>			Raw Materials	3	Direct Labour	4	Overhead	2	Total Cost	9	Profit
Raw Materials	3												
Direct Labour	4												
Overhead	2												
Total Cost	9												
Profit	1												
Sale Price	10												

**SECTION -C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Differentiate between present value and future value ,	K4	CO1
2	17	X Ltd., has a current ratio of 3.5 : 1 and quick ratio of 2 : 1. If excess of current assets over quick assets represented by inventories is Rs. 24,000, calculate current assets and current liabilities.	K4	CO2
3	18	The cost of a project is Rs 50, 000 and it generates cash inflows of Rs 20, 000, Rs 15, 000, Rs 25, 000, and Rs 10, 000 over four years.Required: Using the present value index method, appraise the profitability of the proposed investment, assuming a 10% rate of discount.	K4	CO3
4	19	A firm issues debentures of Rs 1, 00,000 and realizes Rs 98,000 after allowing 2% commission to brokers. Debentures carry interest rate of 10%. The debentures are due for maturity at the end of 10 <sup>th</sup> year at par. Calculate cost of debt.	K4	CO4
5	20	From the following information relating to perara Ltd calculate (a) operation cycle (b) No of operating cycles in a year assuming a 360 day year and (c) Average working capital required if annual cash operating expenses are Rs 150 lakh. Stock holding      Raw material      : 2 months W.I.P                        : 15days Finished goods      : 1 month Average debt collection period: 2 months Average payment period                : 45 days	K4	CO5

