

**G. VENKATASWAMY NAIDU COLLEGE (AUTONOMOUS), KOVILPATTI – 628 502.****PG DEGREE END SEMESTER EXAMINATIONS - NOVEMBER 2024.**

(For those admitted in June 2023 and later)

**PROGRAMME AND BRANCH: M.COM.**

SEM	CATEGORY	COMPONENT	COURSE CODE	COURSE TITLE
I	PART - III	CORE-1	P23CO101	BUSINESS FINANCE

Date : 04.11.2024/AN

Time : 3 hours

Maximum: 75 Marks

Course Outcome	Bloom's K-level	Q. No.	<b>SECTION – A (10 X 1 = 10 Marks)</b> <b>Answer ALL Questions.</b>
CO1	K1	1.	The value of money that reflects the current period conditions is known as. a) Present value    b) Future value    c) Time value    d) None of these
CO1	K2	2.	Under the Rule of thumb doubling period is determined by Using. a) Rule of 72    b). Rule of 69 c) Either Rule of 72 or Rule of 69    d) Rule of 27
CO2	K1	3.	Risk arising from variation in the income of securities invested. Is known as. a) Capital risk    b) Interest risk    c) Default risk    d) Income risk
CO2	K2	4.	Popular measures of historical risk include b. c. d., a) Variance    b) Standard deviation    c) Co- Variation    d) all of these
CO3	K1	5.	In financial lease, _____ bears the risk of obsolescence. a) Lessee    b) Lessor    c) bailment    d) none of these
CO3	K2	6.	Venture Capital Originated in. a) USA    b) INDIA    c) France    d) Germany.
CO4	K1	7.	Inventory system based on inventories received in time is known as. a) ABC    b) EOQ    c) JIT    d) FSN
CO4	K2	8.	Accounts receivable is a Component of. a) Current assets    b) Current Liability    c) Fixed assets    d) Fixed Liability
CO5	K1	9.	The Payback period shows. a) recovery period of money    b) time value of money c) Cash outflow    d) Cash inflow.
CO5	K2	10.	At the IRR ,the NPV of a project becomes. a) Zero    b) Positive    c) Maximum    d) negatives
Course Outcome	Bloom's K-level	Q. No.	<b>SECTION – B (5 X 5 = 25 Marks)</b> <b>Answer ALL Questions choosing either (a) or (b)</b>
CO1	K2	11a.	Describe the objectives of Finance. <b>(OR)</b>
CO1	K2	11b.	An investment Banker Promise to pay Rs 12,00,000 after 15 years from now. Find the amount of annual contribution to be made at 9 % per annum for this purpose . Assume that contribution is made only after one year from now.
CO2	K2	12a.	Write down the Criteria for evaluating proposals to minimise Risk . <b>(OR)</b>
CO2	K2	12b.	Bring out the Sources of Risk.
CO3	K3	13a.	State the Contents of Leasing. <b>(OR)</b>
CO3	K3	13b.	Describe the features of Venture Capital.

CO4	K3	14a.	From the following information , <b>Calculate the Optimum cash Balance Annual</b> cash requirement Rs 4,00,000 ; Fixed conversion cost per transaction Rs 400 ; Opportunity cost of holding cash 20 % p.a. <b>(OR)</b>
CO4	K3	14b.	Explain the factors which influence the size of receivables
CO5	K4	15a.	A project costs Rs 1,00,000 and yields an annual cash inflow of Rs 20,000 for 7 years . <b>Calculate PAYBACK PERIOD</b> <b>(OR)</b>
CO5	K4	15b.	Initial outlay Rs 50,000 ; Life of the asset 5 years ; Estimated cash flow Rs 12,500 . Calculate Internal Rate of Return

Course Outcome	Bloom's K-level	Q. No	<b>SECTION – C (5 X 8 = 40 Marks)</b> <b>Answer ALL Questions choosing either (a) or (b)</b>																												
CO1	K4	16a.	<b>Mention the Scope of Finance.</b> <b>(OR)</b>																												
CO1	K4	16b.	A Bank offers <b>14 %</b> interest per annum on deposits . You are required to find the effective rate of interest if compounding is done half-yearly, quarterly and Monthly.																												
CO2	K5	17a.	Explain the types of Risk. <b>(OR)</b>																												
CO2	K5	17b.	Discuss the methods of Risk Management.																												
CO3	K5	18a.	Mention the three types of Lease. <b>(OR)</b>																												
CO3	K5	18b.	Describe the Limitations of Lease.																												
CO4	K5	19a.	Discuss the objectives of Cash management. <b>(OR)</b>																												
CO4	K5	19b.	In a company, weekly minimum and maximum consumption of material A are 25 and 75 units respectively. The recorder quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. <b>Calculate minimum level and maximum level of material A.</b>																												
CO5	K6	20a.	Payoff ltd. Is producing articles mostly by manual labour and is considering to replace it by a new machine. There are two alternative models <b>M</b> and <b>N</b> of new machine. Prepare a statement of profitability showing the pay-back period from the following information <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Machine M</th> <th>Machine N</th> </tr> </thead> <tbody> <tr> <td>Estimated life of machine</td> <td>4 years</td> <td>5 years</td> </tr> <tr> <td>Cost of machine</td> <td>Rs. 9,000</td> <td>Rs. 18,000</td> </tr> <tr> <td>Estimated savings in scrap</td> <td>500</td> <td>800</td> </tr> <tr> <td>Estimated savings in direct wages</td> <td>6,000</td> <td>8,000</td> </tr> <tr> <td>Additional cost of maintenance</td> <td>800</td> <td>1,000</td> </tr> <tr> <td>Additional cost of supervision</td> <td>1,200</td> <td>1,800</td> </tr> </tbody> </table> Ignore taxation. <b>(OR)</b>		Machine M	Machine N	Estimated life of machine	4 years	5 years	Cost of machine	Rs. 9,000	Rs. 18,000	Estimated savings in scrap	500	800	Estimated savings in direct wages	6,000	8,000	Additional cost of maintenance	800	1,000	Additional cost of supervision	1,200	1,800							
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CO5	K6	20b.	The following are the cash inflows and outflows of a certain project <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Out flows</th> <th>Inflows</th> <th>PV factor @10%</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>1,50,000</td> <td>-----</td> <td>-----</td> </tr> <tr> <td>1</td> <td>30,000</td> <td>30,0000.909</td> <td></td> </tr> <tr> <td>2</td> <td></td> <td>30,0000.826</td> <td></td> </tr> <tr> <td>3</td> <td></td> <td>50,0000.751</td> <td></td> </tr> <tr> <td>4</td> <td></td> <td>60,0000.683</td> <td></td> </tr> <tr> <td>5</td> <td></td> <td>40,0000.621</td> <td></td> </tr> </tbody> </table> The salvage value at the end of 5 years is Rs 40,000 . <b>Calculate the NPV.</b>	Year	Out flows	Inflows	PV factor @10%	0	1,50,000	-----	-----	1	30,000	30,0000.909		2		30,0000.826		3		50,0000.751		4		60,0000.683		5		40,0000.621	
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