S.No. 8013

24DPCM01

(For the candidates admitted from 2024-25 onwards)

M.Com DEGREE EXAMINATION, MAY 2025.

First Semester

BUSINESS FINANCE

Time : Three hours

Maximum : 75 marks

PART A — (10 × 2 = 20 marks)

Answer ALL questions

All questions carry equal marks.

1. Define Business Finance
2. State the meaning of compounding.
3. Mention any two sources of financial risk.
4. Compare Risk and uncertainty.
5. Define start up financing.
6. What are the role of Lesser?
7. List the components of receivables Management.
8. What is Inventory Management?
9. A project requires an initial investment of Rs. 20,000 Present value of cash inflows in Rs 25,000. Calculate the Profitability Index.
10. Write short note on capital Budgeting.

PART B — (3 × 5 = 15 marks)

Answer any THREE questions

All questions carry equal marks.

11. A business is to receive Rs. 10,000 after 3 years. Calculate the present value if the discount rate is 10%
12. Elucidate the pattern of risk and return in a portfolio.
13. Differentiate Bootstrapping and venture capital as Financing modes.
14. Explain cash cycle in detail.
15. An investment costs Rs. 50,000 and returns Rs. 20,000 annually for 3 years. Discount rate is 10%. Calculate the Net Present value (NPV).

PART C — (5 × 8 = 40 marks)

Answer ALL questions

All questions carry equal marks.

16. (a) Explain the Doubling period. Estimate the time required to double Rs. 8,000 at 9% interest rate using rule of 72.

Or

(b) Discuss the importance of sinking fund deposit and calculate the sinking fund deposit required to accumulate Rs. 1,00,000 in 5 years at 8%

17. (a) Illustrate the methods of risk Management.

Or

(b) Explain sources of risk and methods to measure the Risk.

18. (a) Explain the steps involved in evaluating lease financing from both lesser and lessee perspectives.

Or

(b) Discuss about start up financing and sources for start up finance.

19. (a) Explain EOQ with price breaks and calculate EOQ for a company uses 10,000 units of material per year. The cost of placing an order is Rs. 100 and the carrying cost per unit per year is Rs. 2.

Or

(b) Explain the concept of credit policy and Receivable Management.

20. (a) The following details are available about a project proposal

Cost of the project	Rs 20,00,000
Life of the project	5 Years
Salvage value	Nil
Tax Rate	50%

Year	1	2	3	4	5
CFBT	3,00,000	24,60,000	6,20,000	6,80,000	8,00,000
Discounted factor @ 10%	0.909	0.826	0.751	0.683	0.621

Compute NPV @ 10%, PI @ 10%

Or

(b) Examine the international source of finance and techniques to evaluate multinational capital expenditure proposal of ABC ltd an Indian company planning to set up business in USA. The initial investment is Rs. 1,00,000. The project will generate cash inflow of Rs. 30,000 per year for 4 Years. The PV factor 10%. The current exchange Rate is Rs. 75/s (Pv factor 0.909, 0.826, 0.751, 0.683)

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