Program:	F.Y.B.Com	**Semester:**	1	**Program Code:**	UGCOM01
Course:	Financial Management - I			**Course Code:**	NUCM107

Duration: 1 Hour **Examination Pattern:** NEP – Autonomous / External **Max. Marks:** 30

Instructions:

1. Attempt any **two** out of **three** from the following questions.
2. Figures to the right indicate full marks.
3. CO (Course Outcome), KL (Knowledge Level).

Examination:

REGULAR

Q. 1		**Objective Questions:**					[15]	CO's	KL's
	(A)	**Fill in the blanks with an appropriate answer from the alternatives given.**					(08)		
		I	Investment decisions involve selecting the best investment _____.					CO1, CO2	L1
			a.	Employees	b.	Policies			
			c.	Opportunities	d.	Expenses			
		II	Financing decisions are concerned with the sources of _____.						
			a.	Sales	b.	Labor			
			c.	Profit	d.	Funds			
		III	Working Capital Management includes managing cash, inventory, debtors and _____.						
			a.	creditors	b.	shareholders			
			c.	assets	d.	suppliers			
		IV	The Finance Manager decides the _____ of profits between dividends and retained earnings.						
			a.	collection	b.	allocation			
			c.	forecast	d.	distribution cost			
		V	Capital budgeting refers to planning and selecting _____ investment projects.						
			a.	short-term	b.	temporary			
			c.	long-term	d.	daily			
		VI	The purchase of machinery is an example of a _____ budgeting decision.						
			a.	capital	b.	operating			
			c.	revenue	d.	cash			
		VII	Capital budgeting decisions are generally _____ in nature.						
			a.	temporary	b.	irreversible			
			c.	reversible	d.	seasonal			

		VIII	Payback Period is classified under the _____ method of capital budgeting.						
			a.	Accounting	b.	Market			
			c.	Traditional	d.	Discounted Cash Flow			
	(b)	**State whether the following statements are true or false.**					(07)		
		I	Government regulations have no influence on financial management decisions.						
		II	Dividend decisions determine how profits are shared between shareholders and retained earnings.						
		III	Liquidity refers to a firm's ability to meet its long-term obligations only.						
		IV	Capital budgeting projects usually involve small amounts of investment.					CO1, CO2,	L1
		V	The Payback Period technique focuses on recovering the initial investment from project cash inflows.						
		VI	Capital budgeting helps firms adopt modern technology to improve efficiency.						
		VII	Capital budgeting decisions can significantly affect a firm's future profitability.						
Q. 2		**Answer the following questions:**					**[15]**	**CO's**	**KL's**
	(a)	Explain the functions of Financial Management.					**07**	**CO1**	**L2**
	(b)	Distinguish between Profit Maximization and Wealth Maximization.					**08**	**CO1**	**L2**
Q. 3		**Solve the following:**					**[15]**	**CO's**	**KL's**
	(a)	A limited company is considering investing a project requiring a capital outlay of ₹2,00,000. Forecast for annual income after depreciation but before tax is as follows:						CO2, CO3, CO4	L2, L3

Years	₹
1	1,00,000
2	1,00,000
3	80,000
4	80,000
5	40,000

Depreciation may be taken as 20% on original cost and taxation at 50% of net income.

You are required to evaluate the project according to each of the following methods:

a. Rate of return on original investment method.
b. Rate of return on average investment method.
c. Payback method.
d. Net present value method taking cost of capital as 10%.
e. Profitability Index method.

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