

U.S.N.								
--------	--	--	--	--	--	--	--	--

B.M.S. College of Engineering, Bengaluru-560019

Autonomous Institute Affiliated to VTU

June 2025 Semester End Main Examinations

Programme: B.E.

Semester: IV

Branch: Computer Science and Business Systems

Duration: 3 hrs.

Course Code: 23BSPCFMT

Max Marks: 100

Course: Financial Management

Instructions: 1. Answer any FIVE full questions, choosing one full question from each unit.
2. Missing data, if any, may be suitably assumed.

UNIT - I			CO	PO	Marks
1	a)	Explain in detail the concepts of wealth maximization decision criterion and identify two important issues in value maximization.	1	11	10
	b)	Define the terms that are used in Balance Sheet under Assets, Equity and Liabilities.	1	11	05
	c)	What is an Agency Problem? How do you prevent/minimize agency problem?	1	11	05
OR					
2	a)	Explain the ways by which market forces acts to prevent agency problems.	1	11	10
	b)	Explain three major decisions as finance function in the financial management.	1	11	10
UNIT - II					
3	a)	Define i) Gross profit margin ratio, ii) EBITDA margin, iii) Net profit margin ratio, iv) Returns on assets, and v) Earning power.	2	11	10
	b)	What is valuation ratio? Explain four valuation ratios to assess the firm.	2	11	10
OR					
4	a)	Explain non-current assets and non-current liabilities in financial management	2	11	8
	b)	Explain Profit and loss statement with suitable proforma.	2	11	6
	c)	Explain operating, investing and Financing components for cash flow.	2	11	6

Important Note: Completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages. Revealing of identification, appeal to evaluator will be treated as malpractice.

UNIT - III						
5	a)	What is financial planning? Why it is required for any enterprise.	3	11	8	
	b)	Prepare the proforma of balance sheet for an organization.	3	11	6	
	c)	Explain the methods for preparing the pro forma statement of profit and loss account.	3	11	6	
OR						
6	a)	What is sales forecast? Enlist the different methods to do the same.	3	11	8	
	b)	Explain internal growth rate and sustainable growth rate	3	11	6	
	c)	What's the significance of cash flow stream related to time value of money.	3	11	6	
UNIT - IV						
7	a)	Explain the discounted criteria for time value of money.	4	11	10	
	b)	Explain the basic principles of cash flow management.	4	11	10	
OR						
8	a)	Explain capital budgeting process in detail.	4	11	10	
	b)	Describe how capital projects are classified.	4	11	10	
UNIT - V						
9	a)	Explain in detail key steps for decision tree analysis	5	11	6	
	b)	Describe the steps involved in breakeven analysis	5	11	6	
	c)	Illustrate the circumstances related to risk reducing strategies, which often managers used for maximizing profit.	5	11	8	
OR						
10	a)	What is risk associated with any business. Explain how they are classified	5	11	6	
	b)	Explain the ways to incorporate the risk factor into capital expenditure analysis	5	11	6	
	c)	Explain different ways for project selection under risk in decision making process.	5	11	8	
