

U.S.N.

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

Autonomous Institute Affiliated to VTU

## June 2024 Semester End Make-Up Examinations

Programme: B.E.

Branch: Institutional Elective

Course Code: 21ME8OEFIM

Course: Financial Management

Semester: VIII

Duration: 3 hrs.

Max Marks: 100

**Instructions:** 1. Answer any FIVE full questions, choosing one full question from each unit.  
2. Missing data, if any, may be suitably assumed.  
3. Use of compound interest table is permitted.

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 - I	CO	PO	Marks																												
1	a)	Describe the partnership organization and list the features, advantages and disadvantages.	CO1	PO1	10																												
	b)	Elaborate the sources of risk.	CO1	PO1	10																												
		OR																															
2	a)	Securities X & Y have the following characteristics: <table><tr><th colspan="2">Security X</th><th colspan="2">Security Y</th></tr><tr><th>Return (%)</th><th>Probabilities</th><th>Return (%)</th><th>Probabilities</th></tr><tr><td>30</td><td>0.1</td><td>-20</td><td>0.05</td></tr><tr><td>20</td><td>0.2</td><td>10</td><td>0.25</td></tr><tr><td>10</td><td>0.4</td><td>20</td><td>0.3</td></tr><tr><td>5</td><td>0.2</td><td>30</td><td>0.3</td></tr><tr><td>-10</td><td>0.1</td><td>40</td><td>0.1</td></tr></table> <p>Calculate the Expected rate of return, Standard deviation of returns for each security. Which security would you select for investment? Why?</p>	Security X		Security Y		Return (%)	Probabilities	Return (%)	Probabilities	30	0.1	-20	0.05	20	0.2	10	0.25	10	0.4	20	0.3	5	0.2	30	0.3	-10	0.1	40	0.1	CO1	PO1	10
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	b)	A person takes a loan of Rs 10,000/- from a bank at interest of 10% per annum. Find the amount if 1. Interest is compounded annually, 2. Interest is compounded half yearly, 3. Interest is compounded quarterly and 4. Interest is compounded monthly.	CO1	PO1	10																												
		UNIT - II																															
3	a)	Describe the factors influencing the working capital.	CO2	PO1	10																												

	b)	Determine the operating cycle for the manufacturing firm with its actual and projected in days.	CO2	PO1	10																																																																														
		<table><tr><th>Item</th><th>Actual</th><th>Projected</th></tr><tr><td>1. R/M Conversion period</td><td></td><td></td></tr><tr><td>a) R/M consumption</td><td>4349</td><td>5932</td></tr><tr><td>b) R/M consumption / day</td><td>12.1</td><td>16.5</td></tr><tr><td>c) R/M inventory</td><td>827</td><td>926</td></tr><tr><td>d) R/M inventory holding days</td><td>68</td><td>60</td></tr><tr><td>2. WIP conversion period</td><td></td><td></td></tr><tr><td>a) Cost of production</td><td>5212</td><td>7051</td></tr><tr><td>b) Cost of production / day</td><td>14.5</td><td>19.6</td></tr><tr><td>c) WIP inventory</td><td>325</td><td>498</td></tr><tr><td>d) WIP inventory holding days</td><td>22</td><td>25</td></tr><tr><td>3. Finished goods Conversion period</td><td></td><td></td></tr><tr><td>a) Cost of goods sold</td><td>5003</td><td>6582</td></tr><tr><td>b) Cost of goods sold / day</td><td>13.9</td><td>18.3</td></tr><tr><td>c) Finished goods inventory</td><td>526</td><td>995</td></tr><tr><td>d) Finished goods inventory holding days</td><td>38</td><td>54</td></tr><tr><td>4. Collection period</td><td></td><td></td></tr><tr><td>a) Credit sales</td><td>6087</td><td>8006</td></tr><tr><td>b) Sales / day</td><td>16.9</td><td>22.2</td></tr><tr><td>c) Debtors</td><td>735</td><td>1040</td></tr><tr><td>d) Debtors outstanding days</td><td>43</td><td>47</td></tr><tr><td>5. Creditors deferral period</td><td></td><td></td></tr><tr><td>a) Credit purchases</td><td>4653</td><td>6091</td></tr><tr><td>b) Purchases / day</td><td>12.9</td><td>16.9</td></tr><tr><td>c) Creditors</td><td>454</td><td>642</td></tr><tr><td>d) Creditors outstanding days</td><td>35</td><td>38</td></tr></table>	Item	Actual	Projected	1. R/M Conversion period			a) R/M consumption	4349	5932	b) R/M consumption / day	12.1	16.5	c) R/M inventory	827	926	d) R/M inventory holding days	68	60	2. WIP conversion period			a) Cost of production	5212	7051	b) Cost of production / day	14.5	19.6	c) WIP inventory	325	498	d) WIP inventory holding days	22	25	3. Finished goods Conversion period			a) Cost of goods sold	5003	6582	b) Cost of goods sold / day	13.9	18.3	c) Finished goods inventory	526	995	d) Finished goods inventory holding days	38	54	4. Collection period			a) Credit sales	6087	8006	b) Sales / day	16.9	22.2	c) Debtors	735	1040	d) Debtors outstanding days	43	47	5. Creditors deferral period			a) Credit purchases	4653	6091	b) Purchases / day	12.9	16.9	c) Creditors	454	642	d) Creditors outstanding days	35	38			
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4	a)	Describe the features, advantages and disadvantages of equity shares.	CO2	PO2	10																																																																														
	b)	Explain the features, advantages and disadvantages of debentures.	CO2	PO2	10																																																																														
		UNIT - III																																																																																	
5	a)	Differentiate journal and ledger.	CO3	PO3	05																																																																														
	b)	Prepare a trading, profit & loss account and also prepare balance sheet for the year end 31/12/2006. 1. Capital = Rs 60,000/- 2. Drawings = Rs 12,000/- 3. Stock as on 1/1/2006 = Rs 18,000/- 4. Purchases = Rs 1,02,000/- 5. Sales = Rs 1,63,000/- 6. Carriage inwards = Rs 2,000/-	CO3	PO3	15																																																																														

		7. Carriage outwards = Rs 3,000/- 8. Bills receivables = Rs 10,000/- 9. Bills payables = Rs 8,000/- 10. Salaries = Rs 20,000/- 11. Wages = Rs 16,000/- 12. Sundry creditors = Rs 25,000/- 13. Sundry debtors = Rs 20,000/- 14. Rent & taxes = Rs 3,500/- 15. Printing & stationery = Rs 1,500/- 16. Insurance = Rs 1,000/- 17. Return inwards = Rs 3,000/- 18. Return outwards = Rs 2,000/- 19. Machinery = Rs 35,000/- 20. Furniture = Rs 5,000/- 21. Cash in hand = Rs 500/- 22. Cash at bank = Rs 5,500/- 23. Stock as at 31/12/2006 = Rs 26,000/-			
		<b>UNIT - IV</b>			
6	a)	Explain the selling price using cost sheet diagram.	CO4	PO1	10
	b)	Differentiate Job costing and process costing.	CO4	PO1	10
		<b>UNIT - V</b>			
7	a)	Explain the assumptions of MM Hypothesis and Walter's Model.	CO5	PO1	10
	b)	Mention the advantages of shares repurchase.	CO5	PO1	10

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