



Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category 'A' by MHRD (now MoE)

Re-accredited with an 'A++' Grade by NAAC CGPA 3.65/4, Category I by UGC

Coimbatore - 641 043, Tamil Nadu, India

Continuous Internal Assessment Test I – August - 2025

Semester – V

Class: III UG

Major: B.Com (PA)

Time: 2 Hrs

Max Marks: 60

23BCPC11 – FINANCIAL MANAGEMENT AND ECONOMICS FOR FINANCE

- CO1: To equip students with the knowledge and skills to make strong foundation in finance concepts, sound financial decisions for individuals or organization, including investment choices and dividend policies.
CO2: to enable the students to evaluate investment projects using techniques of capital budgeting.
CO3: Know the significance of elements of financial management accounting.
CO4: Analyze the methods of raising long term and short term finance, and financing decisions.
CO5: Compute and analyze the ratio analysis, capital structure and analyze the financial performance.

Part-A

(6x1=6)

Choose the Correct Answer

1. The field of finance is closely related to the field of CO1 K1
 - a) statistics and economics
 - b) statistics and analysis
 - c) economics and accounting
 - d) accounting and comparative return analysis
2. Profitability ratios measure CO1 K1
 - a) the speed at which the firm is turning over its assets
 - b) the ability of the firm to earn an adequate return on sales, total assets, and invested capital
 - c) the firm's ability to pay off short term obligations as they are due
 - d) the debt position of the firm in light of its assets and earning power
3. Commercial paper may best be defined as CO2 K2
 - a) short term obligation of the government issued to commercial investors
 - b) short term unsecured promissory notes issued by corporations
 - c) an insignificant source of funds to large corporations
 - d) the debt obligations of chartered banks
4. Financial ratios are used to CO2 K2
 - a) weigh and evaluate the operating performance of the firm
 - b) provide an absolute benchmark of industry performance
 - c) determine which firm will provide the highest return to investors
 - d) None of the above are correct
5. The liquidity premium theory suggest that long term interest rates are higher than short term interest rates because CO3 K3
 - a) investors generally prefer to invest short periods of time
 - b) government policy maintains this relationship
 - c) there is greater risk in long-term bonds
 - d) exchange rate fluctuations establish this relationship
6. The extent to which inventory financing may be employed is based on all of the following, except CO3 K3
 - a) The marketability of the pledged goods
 - b) Their associated price stability of the goods
 - c) The perish ability of the goods
 - d) The control of the goods by the manufacturer

Part-B

(3x6=18)

Answer all the questions

- 7.a) Explain objectives and scope financial management CO1 K1

(or)
- 7.b) Define role, purpose and financial management environment CO1 K1
- 8.a) Explain functions of finance executives in an organization CO2 K2

(or)
- 8.b) Explain sources of finance and different sources of finance CO2 K2
- 9.a) Explain characteristics of different types of long term debt and equity finance CO3 K3

9.b) Calculate current ratio from the following information:

CO3 K3

Particulars	Rs.	Particulars	Rs.
Stock	60,000	Sundry crs	20,000
Debtors	70,000	Bills payable	15,000
Cash & bank balances	20,000	Tax payable	18,000
Receivables	30,000	Outstanding expenses	7,000
Prepaid expenses	10,000	Bank overdraft	25,000
Land	1,00,000	debentures	75,000
goodwill	50,000		

Part-C

Answer all the questions

(3x12=36)

Answer should not exceed 800 words or four Pages

10.a) Calculate absolute liquid ratio from the following information

Particulars	Rs.	Particulars	Rs.
Bills receivables	40,000	Cash at bank	30,000
Trade investment	2,00,000	Stock	20,000
Receivables	2,00,00	Bank overdraft	75,000
Marketable securities	4,00,000	Sundry creditors	60,000
machinery	50,000	Bills payable	90,000
Goodwill	50,000	Outstanding expenses	30,000
Cash in hand	45,000		

CO1 K2

(or)

10.b) Explain the methods of raising long term finance.

CO1 K1

11.a) Following is the profit and loss account to Nyru Ltd. for the year ended 31st December 2024

CO2 K1

Particulars	Dr.	Particulars	Cr.
To opening stock		By sales	5,60,000
To purchase	1,00,000	By closing stock	1,00,000
To wages	3,50,000		
To gross profit c/d	9,000		
	2,01,000		
	<u>6,60,000</u>		<u>6,60,000</u>
To administrative expenses	20,000	By gross profit b/d	2,01,000
To selling & distribution	89,000	By interest on	10,000
To non operating expenses	30,000	investment	<u>8,000</u>
To net profit	<u>80,000</u>	By profit on sale of	
	<u>2,19,000</u>	investment	<u>2,19,000</u>

Calculate gross profit, net profit ratio, operating ratio, administrative expenses ratio

(or)

11.b) Explain lease financing, sale and lease back

CO2 K2

12.a) Explain the factors of cost of capital

CO3 K2

(or)

12.b) Explain measurement of cost of individual components of capital

CO3 K2