



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 II-October - 2025
Semester – V

Class: III UG
Major: B.Com (PA)

Time: 2 Hrs
Max Marks: 60

23BCPC11 – FINANCIAL MANAGEMENT AND ECONOMICS FOR FINANCE

Course Outcome:

- 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. Which date determines the shareholders eligible to receive the dividend CO3K1
 a) Declaration date b) Payment date c) Record date d) Ex-dividend date
2. The primary objective of working capital management is to: CO3K1
 a) Maximize profits b) Maintain liquidity and profitability c) Minimize fixed assets
 d) Reduce debt
3. What is the effect of an increase in interest rates on investment? CO4K2
 a) Investment increases b) Investment decreases c) Investment remains unchanged
 d) Investment depends on inflation
4. Which of the following is a tool of fiscal policy? CO4K2
 a) Open market operations b) Changing tax rates c) Changing reserve requirements
 d) Adjusting interest rates
5. Public finance primarily deals with: CO5K3
 a) Individual income tax returns b) Government revenue, expenditure, and debt
 c) Corporate budgeting d) Private investments
6. Which organization promotes free trade and resolves trade disputes? CO5K3
 a) IMF (International Monetary Fund) b) WTO (World Trade Organization)
 c) UN (United Nations) d) World Bank

Part-B

(3x6=18)

Answer all the questions

(Answers should not exceed 400 words)

- 7.a) Explain Significance of cost of capital CO3 K1
 (or)
- 7.b) Define capital structure planning and designing CO3 K1
- 8.a) Discuss the factors of cost of capital CO4 K2
 (or)
- 8.b) Explain the theories of capital structure CO4 K2
- 9.a) Define capital investment decisions CO5 K3
 (or)
- 9.b) Calculate Eps (earning per share) of sun ltd assuming (i) 20% return on assets and (ii) 15% on assets based on the following information: CO5 K3

Particulars	Rs.
Assets	20,00,000
12% Debentures	
Equity shares of Rs.100 each	10,00,000
Assume income tax rate is 40%	10,00,000

Part-C
Answer all the questions
Answer should not exceed 800 words

(3x12=36)

Following information is available with regards to the capital structure of Edwards Ltd:

10.a)

Sources of Funds	Amount Rs.	After Tax Cost of Capital %
Debentures	12,00,000	5%
Preference share capital	4,00,000	10%
Equity share capital	8,00,000	15%
Retained earnings	16,00,000	12%

CO3 K1

You are required to calculate Weighted Average Cost of capital(WACC)
(or)

10.b) Explain the types of leverage. CO3 K1

11.a) Enumerate the effectiveness of working capital based on its operating and cash conversion cycles. CO4 K2

(or)

11.b) Explain Modigliani and miller(MM)hypothesis CO4 K2

12.a) Explain the Keynesian theory of determination of national income. CO5 K3

(or)

12.b) Explain foreign direct investment. CO5 K3

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