

Roll.No.

23PAFCT3008

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai - 600 044.

M.Com. A&F - END SEMESTER EXAMINATIONS - NOVEMBER 2025
SEMESTER - III

23PAFCT3008 - Business Finance

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

- Describe the objectives of Business Finance.
- A, a refrigerator manufacturers, purchases 1,600 units of a certain component from B. His annual usage is 1,600 units. The order placing cost is ₹100 and the cost of carrying one unit for a year is ₹8. Calculate the Economic Ordering Quantity by formula method.
- Determine the measures of risk.
- Calculate the optimum production quantity per production run from the following information:
Estimated annual production 90,000 units
Set-up cost per production run ₹50
Carrying cost per unit per annum 1
- Classify the lease agreements.
- Compute the gross working capital and net working capital:

Liabilities	Amount	Assets	Amount
Share capital	9,00,000	Fixed assets	7,00,000
Reserves	1,00,000	<u>Current assets:</u>	
<u>Current liabilities :</u>		Cash	60,000
Bank loan	1,00,000	Investment	1,00,000
Creditors	60,000	Debtors	1,40,000
Bills payable	40,000	Inventory	2,00,000
	12,00,000		12,00,000

- A, a refrigerator manufacturer, purchases 1,600 units of a certain component from B. His annual usage is ₹1,600 units. The order placing cost is ₹100 and the cost of carrying one unit for a year is ₹8. Calculate the Economic Ordering Quantity and tabulate your results.

Contd...

8. Solve the average collection period.

Particulars	Amount
Gross sales	3,00,000
Cash sales	60,000
Sales return	30,000
Debtors at the end	30,000
B/R at the end	12,000
Provision for doubtful debts	5,000

Section C

I - Answer any **TWO** questions ($2 \times 10 = 20$ Marks)

9. Mr. Amalraj deposits Rs.1,00,000 for 2 years at 10%. If interest is compounded half yearly, find the maturity value of his deposit.
10. Chetan Ltd., requires 2,000 units of a certain item per year. the purchase price per unit is ₹30. The carrying cost of inventory is 25% of the unit cost and the cost per order is ₹1,000.
- You are required to:
- (i) Compute the Economic Order Quantity:
 - (ii) What will be the total cost of ordering and cost of carrying inventories when 4 orders of equal sizes are placed?
11. Examine the advantages and disadvantages of leasing.
12. Chris Ltd. Has an excess cash of Rs.10,00,000 which can be invested in short term marketable securities. For these transactions the firm incurs an expenditure of Rs.25,000. If the securities invested have an yield of 9% which of the following periods can be chosen for investment?
a)1 month b)2 months c) 3 months d) 4 months

II - Compulsory question ($1 \times 10 = 10$ Marks)

13. Classify the methods of risk management.
