



HCZ-161100010307 Seat No. _____

B. B. A. (Sem. III) (CBCS) Examination

November/December – 2017

Financial Management

(New Course)

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

- 1 What is “Financial Management” and explain the scope of financial management. 14

OR

- 1 Explain the meaning of finance function. How does modern approach to finance function differ from traditional approach ? 14

- 2 (a) What sum of money invested at 4% compound interest for 18 years will amount to Rs. 10000 ? 7
(From compounding factor table A-1 for 18 years and rate 4% value would be 2.026)

- (b) Find the amount that Rs. 100 will become after 20 years at compound interest at 5% calculated annually. 7
(From compounding factor table A-1 for 20 years and rate 5% value would be 2.653).

OR

- 2 Two partners A and B together lend Rs. 12,615 at 5% compounded annually. The amount A gets in 2 years is the same as B gets at the end of 4 years. Determine the share of each in the principal. 14

(From compounding factor table A-1 for 2 years and rate 5% value would be 1.102)

(From compounding factor table A-1 for 4 years and Rate 5% value would be 1.216)

- 3 Describe operating cycle of working capital and discuss which are the main factors affecting working capital requirement in an organization ? 14

OR

- 3 Discuss the sources of working capital in detail. 14
- 4 Explain the term capital budgeting and discuss its objectives and importance in detail. 14

OR

- 4 Sarika Company Ltd. is considering to purchase a machine costing Rs. 4,00,000. An estimated life of each machine is 5 years. There is no scrap value. The company's required rate of return is 12%. The tax rate applicable to the company is 50%. The expected earnings before depreciation and taxes for the machine are as follows : 14

Year	A (Rs.)
1	2,60,000
2	2,00,000
3	1,60,000
4	1,40,000
5	1,00,000

Following methods to calculate

- (1) Payback period
- (2) Average rate of return
- 5 "The success of business corporation depends on its well planned capital structure". Explain the statement in relationship with characteristics of capital structure. 14

OR

- 5 Short notes : (any two) 14
- (a) Types of capital structure
- (b) Net present value method
- (c) Factors affecting capital structure.