



**HCZ-010-001302** Seat No. \_\_\_\_\_

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

**November/December – 2017**

**Finance Management : Paper - 302**

*(Old Course)*

**Faculty Code : 010**

**Subject Code : 001302**

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

[Total Marks : 70

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

**OR**

- 1 Classify the finance function in detail. 14
- 2 What sum will amount to Rs. 1000 in 3 years at 12% per annum if, 14
- (a) Compounding is done annually
- (b) Compounding is done semi-annually
- (c) Compounding is done quarterly

**OR**

- 2 Discuss the term time value of money and explain the techniques of it. 14
- 3 Define the term capital budgeting and discuss the process of capital budgeting in detail. 14

**OR**

- 3** A company has an investment opportunity costing **14**  
Rs. 40,000 with the following expected net cash flow :

Year	Net Cash Flow	Year	Net Cash Flow
1	7,000	6	8,000
2	7,000	7	10,000
3	7,000	8	15,000
4	7,000	9	10,000
5	7,000	10	4,000

Using 10% as the cost of capital (rate of discount) determine the following :

- (1) Pay-back period
  - (2) Net Present Value at 10% discounting factor
  - (3) Profitability Index at 10% discounting factor
- Present Value :

Year	1	2	3	4	5	6	7	8	9	10
At 10%	0.909	0.826	0.751	0.683	0.621	0.564	0.513	0.467	0.424	0.386

- 4** What does capital structure means ? Discuss the factors **14**  
affecting capital structure in detail.

**OR**

- 4** Critically discuss the different types of capital structure **14**  
in detail.

- 5** Short notes : (any two) **14**
- (a) Financial Leverage
  - (b) Difference between preference shares and equity shares
  - (c) Debenture
  - (d) Bridge finance.