PBF-010-001302 Seat No. ________

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

November / December - 2018

302 : Financial Management - 01

(Old Course)

Faculty Code : 010
Subject Code : 001302

Time : **2** Hours] [Total Marks : **70**

Instructions : (1) All the questions are compulsory.
(2) Figures to the right side indicate marks.

1 Define Financial Management. Discuss the objectives and tools of financial management in detail. **14**

OR

1 Discuss in detail the approaches of finance function. **14**

2 Explain the time value of money. Discuss the discounting and compounding techniques in detail. **14**

OR

2 Attempt the following :

(a) Mr. Happy invested Rs. 40,000. Find in how many years his investment will become Rs. 80,000 at 5% compound interest? **4**

(b) Mr. Joy is asking to compute the present value of Rs. 1,000 received every year upto 5^{th} year and Rs. 2,000 from 6^{th} year onwards forever. Assume discounting rate of 10%. **5**

(c) Ms. Khushi deposits Rs. 10,000 at an interest rate of 12% per annum for 5 years. Find out the amount she would receive at maturity if the interest is compounded (a) annually (b) half yearly (c) quarterly. **5**

3 Define Investment Decision. Explain the term Capital Budgeting. Discuss the process of Capital Budgeting. And also discuss the types of projects. **14**

OR

3 Anand Company wants to invest Rs. 16,00,000 in a capital project. It scrap value is nil and its economic life is 5 years. Tax rate applicable is 50%. Company uses straight line method of depreciation. Profit before depreciation and tax is as follows : **14**

Year	Profit
1	3,20,000
2	3,52,000
3	4,48,000
4	4,80,000
5	8,00,000

The present value factors at 10% are as follows :

Year	1	2	3	4	5
	0.909	0.826	0.751	0.683	0.621

From the above information find out

(1) Net present value (10%)

(2) Payback period

(3) Average Rate of Return

4 Define capital structure. State the characteristics of an appropriate capital structure. **14**

OR

4 Critically evaluate any two patterns of capital structure. **14**

5 Attempt : (any **two**) **14**

(1) Equity shares v/s Preference shares

(2) Bridge Finance

(3) Operating Leverage and Financial Leverage

(4) Retained Earnings