



PBF-161100010307 Seat No. _____

B. B. A. (Sem. III) (CBCS) (W.E.F. 2018) Examination

November / December - 2018

Financial Management

(New Course)

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

[Total Marks : 70

- 1 Define the term finance management and discuss the tools and techniques of finance management in detail. 14

OR

- 1 How will you classify the financial function ? Discuss it in detail. 14

- 2 What amount will amount to Rs. 10,000 in 3 years at 12% compound interest per annum ? 14

- (a) Compounding is done annually
(b) Compounding is done semi annually
(c) Compounding is done quarterly.

OR

- 2 (a) Find out amount that Rs. 300 will become after 10 years at compound interest at 7% calculated annually.

- (b) An investor is likely to retire at the end of 10th year. In order to receive Rs. 2,00,000 annually for 10 years after retirement, how much amount should he have at the time of retirement ? Assume the require rate of return to be 10 per cent.

(As per PV annuity table = PVIFA of 10 per cent for 10 years is 6.1446).

- 3 Define the term working capital and discuss factors affecting working capital in detail. 14

OR

- 3 Discuss the operating cycle of working capital and explain in detail the sources of working capital. 14

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

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.

Year	1	2	3	4	5	6	7	8	9	10
Present Value (for Re. 1 at 10%)	0.909	0.826	0.751	0.683	0.621	0.564	0.513	0.467	0.424	0.386

OR

- 4 Define the term capital budgeting and discuss the procedure of capital budgeting in detail along with the approaches to capital budgeting decisions. 14

- 5 What does capital structure means ? Discuss the determinants of capital structure in detail. 14

OR

- 5 Write Short notes : (any two) 14
- (a) Characteristics of capital structure.
 - (b) Capital structure with equity only.
 - (c) Importance of capital structure.