647510 **BBA3FM0C0510** **Seat No :_________**

B.B.A. Semester - 3 (*CBCS*) Examination
Oct/Nov. -2018
FINANCIAL MANAGEMENT (CORE)

Time: 2:30 Hours **Marks: 70**

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

Que-1 Explain the meaning of the term financial management. Discuss its functions in detail (14)

OR

Que-1 Explain the traditional and modern approach to finance functions.

Que-2 Explain Techniques of Time Value of Money. (14)

OR

Que-2 Explain Discounting Techniques.

Que-3 Define working capital. Explain the different approach regarding the financing capital. (14)

OR

Que-3 Explain various concept of working capital. Explain any five factors affecting the working capital.

Que-4 A company has an investment opportunity costing Rs.500000 with the following expected net cash flow. (After taxes and before depreciation) (14)

Year	Net Cash Flow Rs.	Present value (For Rs.1 at 10%)
1	80000	0.909
2	100000	0.826
3	60000	0.751
4	80000	0.683
5	100000	0.621
6	80000	0.564
7	120000	0.513
8	160000	0.467
9	120000	0.424
10	200000	0.386

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.

OR

Que-4 JAHANVI Co. wants to purchase one machine from below mentioned two Machines A & B each costing Rs.1000000. An estimated life of each Machine is 5 years. Scrap value is nil for each machine. Expected rate of return is 12%. Tax rate applicable is 50%. The expected cash flow after tax and before depreciation for the machines is as follows.

Year	Machine A (Rs.)	Machine B (Rs.)
1	440000	280000
2	340000	300000
3	300000	440000
4	280000	340000
5	220000	260000

The present values of Rs. 1 at 12% discount factor for first five years are/as under.
0.893, 0.797, 0.712, 0.636 and 0.567
With the help of following methods, which machine would you advise to purchase? Why?
Find out: 1. Pay-back period. 2. Average rate of return, 3. Net Present Value.

Que-5 What is capital structure? Discuss the factors affecting capital structure. (14)

OR

Que-5 'An ideal capital structure is one which consists of equity shares and debenture.' Discuss. (14)

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