**Seat No:_____** **Enrollment No:_____**

**PARUL UNIVERSITY**
**FACULTY OF MANAGEMENT STUDIES**
**BBA Winter 2023-24 Examination**

**Semester:03** **Date: 30/11/2023**
**Subject Code: 06101203** **Time: 10:30AM to 1:00PM**
**Subject Name: Financial Management-I** **Total Marks: 60**

**Instructions**
1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

`

| | | | CO | PO | BTTL |
|---|---|---|---|---|---|
| **Q.1** | **Do as Directed.** | | | | |
| | **Multiple choice type questions/Fill in the blanks. (Each of 1** | **(05)** | | | |
| | 1. _____is the stream of constant cash flow occurring at regular intervals of time.<br>(a) Annuity c) Extra-ordinary annuity<br>b) Ordinary annuity d) All of the above | | **1** | **2** | **1** |
| | **2** _____is the level of stock where new procurement orders are required to be placed without delay.<br>a) EOQ c) Re-order quantity<br>b) Minimum levels d) Maximum Levels | | **2** | **3** | **1** |
| | **3** _____is the earnings before income tax (EBIT) which is equal to financial cost of a firm (or) earnings per share (EPS) is equal to zero.<br>a) Operating Leverage c) Financial Leverage<br>b) Financial break even d) Combined Leverage | | **3** | **2** | **2** |
| | 4 _____is the capital of a business which is used in its day-to-day trading operations, calculated as the current assets minus the<br>a) Capital c) Working capital<br>b) Equity capital d) All of the above | | **4** | **2** | **2** |
| | **5.** The _____is Profit after tax as a percentage of the total amount invested.<br>a) ARR c) Profitability Index<br>b) Payback period d) None of the above | | **4** | **3** | **2** |
| | **B).Define the following. (Each of 1 mark)** | **(05)** | | | |
| | 1. Perpetuity | | **1** | **2** | **2** |
| | 2. EOQ | | **3** | **2** | **2** |
| | 3. Profitability Index | | **4** | **1** | **1** |
| | 4. Net working capital | | **3** | **3** | **2** |
| | 5. NPV | | **4** | **2** | **2** |
| | **C).Direct questions. (Each of 1 mark)** | **(05)** | | | |
| | 1. List out the duties of Treasurer | | **1** | **3** | **2** |
| | **2.** If you deposit Rs. 55,150 in a bank, which gives you 15% interest for 10 years. How much would the deposit grow at the end of 10 years? | | **2** | **4** | **3** |
| | 3. What is Leverage? | | **3** | **2** | **1** |
| | 4. What is Indifference point? | | **3** | **2** | **2** |
| | 5. What is Cash Management? | | **2** | **1** | **2** |

| | | | | | |
|---|---|---|---|---|---|
| **Q.2** | **Answer the following questions**. | | | | |
| **A).** | Explain the functions of Financial Management. | **-7** | 1 | 3 | 3 |
| | a) Mr. Amit wants to buy new house after 8 years. The cost of house is Rs. 25,50,000. | | 1 | 2 | 4 |
| **B).** | How much Amit should deposit annually? If Rate of interest is 9% also calculate For 13% and Give your opinion. | **-8** | | | |
| | b) An investor is investing Rs. 500,000, after 15 years. Bank will provide him 9% interest. What will be the Future value of money? | | 1 | 2 | |
| **Q.3** | Answer the following questions. | | | | |
| **A).** | The Indigo Products ltd. capital structure consists 12,000 equity shares of Rs.10 each and 10% debentures of Rs.1,60,000 whereas the total assets of the company are Rs.4,00,000. The Company's total asset turnover ratio is 3. It's fixed operating costs are Rs.2,00,000 and its variable operating costs ratio to sales is 40%. The income tax rate is 50%. | **-7** | 3 | 2 | 3 |
| | Calculate for the Company all the three types of leverages- Operating Leverage, Financial and Combined leverage. | | | | 4 |
| **B).** | Company A is willing to invest in a project costing Rs 50,000. The estimated Cash flows for 5 years is as follows – | **-8** | 4 | 3 | 3 |
| | **Year Amount Rs.** | | | | |
| | 1 10,000 | | | | |
| | 2 10,550 | | | | |
| | 3 11,700 | | | | |
| | 4 13,250 | | | | |
| | 5 16,750 | | | | |
| | Calculate the NPV of the project @ 10% and @5% and comment on its viability. | | | | 3 |
| **Q.4** | **Attempt any two questions. (Each of 7.5 mark)** | **-15** | | | |

| | | | | |
|---|---|---|---|---|
| **1** | (i) (i) Mrs Monali deposits Rs. 10,000 in her saving account at the begging of each year for next 4 years. What will be the future value at the end of 4th year? Assume the required rate of return is 6%.<br><br>(ii)An investor is investing Rs. 800,000 after 5 years. Bank will provide him 12% interest. What is the Future value of money? | 1 | 3 | 4 |
| **2** | Explain the types of capital budgeting decisions? | 4 | 3 | 4 |
| **3** | What are the objectives of holding inventory and factors affecting inventory? Explain techniques of inventory management. | 3 | 2 | 3 |
| **4.** | Company A is willing to invest in a project costing Rs 50,000. The company provides depreciation @ 20% on the project cost (SLM method). The estimated profit after tax for 5 years is as follows – | 4 | 3 | 4 |

**Year Amount** Rs.

| | |
|---|---|
| 1. | 0 |
| 2. | 550 |
| 3. | 1,700 |
| 4. | 3,250 |
| 5. | 6,750 |

Compute the payback period of the project.