



JK Lakshmipat University, Jaipur

Institute of Management

END TERM EXAMINATION, APRIL-2018

BBA & B.Com.(H) Semester IV (Regular)

Course: Business Finance

MM: 50 Marks

Subject Code: FN08

Time: 3 Hours

Attempt any three questions from Section A. Section B is compulsory. All questions and their parts carry equal marks unless specifically stated. Financial Tables would be provided on demand.

Section A

- Q1. Discuss the nature, scope and characteristics of financial management. Explain the role of a finance manager.
- Q2. (i) Discuss the various types of risks with examples.
(ii) A company's stock gives the following returns in various business scenarios: 20%, 10%, 8%, -10%, -18%. Assuming equal probability for the scenarios, compute the risk and return for the company's stock.
- Q3. (a) Discuss and State the application of "Time Value of Money" concept. Using an example, prove the Rule of 72.
(b) Suppose you deposit ₹10,000 with an investment company which pays 16 per cent interest with quarterly compounding. How much will this deposit grow to in 5 years?
- Q4. (a) Sachin's finance company offers to provide you an investment scheme where if you deposit ₹30,000 with it, they would provide you with a yearly income of ₹6,000 for the next 8 years. What Interest Rate would you earn for this scheme?
(b) Paras offers you an investment opportunity where if you deposit a certain amount with him today, you would be receiving two cash inflows for the next 25 years, viz., ₹12,000 per annum for the next 10 years and ₹20,000 per annum for the subsequent remaining years. If money earns 12 per cent per annum, what was the initial deposit with Paras?
- Q5. What is the YTM of an 11%, 8 Years to maturity, ₹1,000 face value Bond which is redeemed at par and is trading in the market at ₹978?

Section B

Q6. Answer in short notes (Any Four):

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|-------------------------------------|----------------------------------|
| i. Goals of Financial Management | iv. Dividend Policy and Strategy |
| ii. Simple Versus Preference Equity | v. Cash Management |
| iii. Bond Theorems | vi. Days Sales Outstanding |

OR

- Q6. The expected cash flow of a project are given as under. The cost of capital is 12 per cent. Calculate the following: (a) Payback Period & Discounted Payback Period, (b) Net Present Value, (c) Benefit Cost Ratio and Net-BCR, and (d) Internal Rate of Return. Interpret your results.

Year	0	1	2	3	4	5
Cash Flow (₹)	(150,000)	80,000	70,000	60,000	40,000	20,000

BEST OF LUCK!!!