



PRESIDENCY UNIVERSITY, BENGALURU
SCHOOL OF LAW

Max Marks: 45

Max Time: 55 Mins

Weightage: 25 %

TEST 1

II Semester 2016-2017

Course: **BBL A 104 Financial Management**

27 February 2017

Instructions:

- i. Write legibly
- ii. Scientific and non programmable calculators are permitted

Part A

(5Q x 2 M= 10 Marks)

1. What are primary markets? Expand IPO
2. Name the two types of capital required by a firm.
3. Define money markets. Name two money market financial instruments
4. What is compounding factor?
5. What are the two types of share capital? Briefly explain.

Part B

(3Q x 5 M= 15 Marks)

6. Briefly explain the different forms of organizations with their advantages and disadvantages.
7. What are the different forms of capital required by a firm and how do they raise it?
8. If you are depositing ₹23,575 with the bank as an FD (fixed deposit) for 3 years and the bank is offering you an interest rate of 5.25% how much will you accumulate at the end of the third year.

Part C

(2 Q x 10 M= 20 Marks)

9. What are the functions of financial management?
10. Calculate how much you have to invest today to get the following amounts on the following conditions
 - ₹15,575 after 4 years at an interest rate of 7.75%
 - ₹26,575 after 7 years at an interest rate of 6.50%
 - ₹3,5425 after 3 years at an interest rate of 9.75%
 - ₹18,125 after 5 years at an interest rate of 12.25%
 - ₹21,625 after 2 years at an interest rate of 8.75%



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TEST 2

II Semester 2016-2017

Course: BBL A 104 Financial Management

25 March 2017

Instructions:

- i. Write legibly
- ii. Scientific and non-programmable calculators are permitted

Part A

(5Q x 2 M= 10 Marks)

1. Define financial market. What are the two basic types of financial market?
2. What is capital budgeting?
3. What is a secondary market? What is its main function?
4. What is a mutually exclusive project in capital budgeting decision?
5. What is NPV method of capital budgeting?

Part B

(3Q x 5 M= 15 Marks)

6. What are types of investment where capital budgeting decisions are considered?
7. Briefly explain the capital budgeting process.
8. If you need ₹225,000 after 3 years how much should you invest now as a Fixed Deposit with your bank if the bank is offering an interest rate 6.75% on your FD.

Part C

(1Q x 20 M= 20 Marks)

9. Project S costs ₹170,000 and its expected cash flows would be ₹47,000 per year for 7yrs.
Mutually exclusive Project L costs ₹375,000 and its expected cash flows would be ₹120,000 per year for seven years. If both the projects have a WACC of 13%, which project would you recommend? Explain