

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -2 EXAMINATIONS-2022

B.Tech-III Semester (Old scheme Backlog)

MAX. MARKS: 25

COURSE CODE (CREDITS): 10B11PD411(3)

COURSE NAME: Financial Management

COURSE INSTRUCTORS: Triambica Gautam

MAX. TIME: 1 Hour and 30 Minutes

Note: All questions are compulsory. Marks are indicated against each question in square brackets.

Q1. Ramsaran runs a small grocery shop. He is very popular with his customers but is unable to manage his finances well. He finds he is always short of cash and is struggling to keep his business funded although he makes a reasonable amount of profit. Explain the four functions of finance to him in context of his business to help him get a better grip on his business's finances?

[5] (CO1)

Q2. Describe briefly the common debt sources employed by any organization. What are the advantages of using debt over equity sources to finance any business?

[5] (CO1)

Q3. a) Calculate the present value of the following stream of income taking 10% as the discount rate.

Yr(s)	1	2	3	5-8
Income	10,00,000	15,00,000	12,00,000	9,00,000

b) Explain the concept of Effective Interest Rate. What is the value of Rs. 50,000 invested for the next 5 years at an interest rate of 12% p.a. compounded quarterly?

[2+2+2] (CO1)

Q4. Calculate the following ratios from the information given below.

a) Gross profit margin b) Stock Turnover ratio c) Current ratio d) Return on equity e)

Liabilities and Equity		(Rs. '000)	Assets		(Rs. '000)
Creditors		25	Cash		50
Debentures		250	Debtors		50

Share capital	1000	Stock	400
Reserves	225	Fixed assets	1000
Total	1500	Total	1500
Profit and Loss Accounts (Summary)			(Rs. '000)
Sales			300
Cost of goods sold			100
Gross profit			200
Operating expenses			25
EBIT			175
Interest			15
PBT			160
Tax			67.55
Net profit			92.45
No. of shares			100
P/E ratio			5

[5] (CO3)

Q5. Write short notes on : a) Pre-emptive right b) Dupont analysis

[2+2] (CO1)