



# BRAINWARE UNIVERSITY

Term End Examination 2022

Programme – B.Com.(BFA)-Hons-2018

Course Name – Fundamentals of Financial Management

Course Code - BCM502

( Semester V )

Full Marks : 70

Time : 3:0 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

## Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

(i) Choose the one which is not an objective of SEBI?

- |  |  |
|--|--|
| a) To provide security to BSE employees.   | b) Preventing the fraudulent practices and malpractices which are related to trading and regulation of the activities of the stock exchange. |
| c) To develop a code of conduct for the financial intermediaries such as underwriters, brokers, etc. | d) To maintain a balance between statutory regulations and self-regulation.  |

(ii) Choose among the following which is related to underwriting of shares by a financial intermediary.

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|------------------------|------------------------|
| a) Cash based activity | b) Fund based activity |
| c) Time based activity | d) All of the above    |

(iii) Choose the name which is given to the direct sale of security to investors.

- |                      |                         |
|----------------------|-------------------------|
| a) Self -group       | b) Government placement |
| c) Private placement | d) None of the above    |

(iv) Choose the one which is not covered in The SEBI Act 1992.

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|--------------------------------------|--|
| a) Insurance                         | b) Fund sources of SEBI, as in grants made available by the Union Government |
| c) Powers and Functions of the Board | d) Composition and actions of the SEBI Board members                         |

(v) A company raised preference share capital of Rs. 1,00,000 by the issue of 10% preference share of Rs. 10 each. Find out the cost of preference share capital when it is issued at 10% premium.

- |                        |           |
|------------------------|-----------|
| a) 0.0709              | b) 0.0809 |
| c) 0.09089999999999999 | d) 0.1009 |

(vi) A company raised preference share capital of Rs. 1,00,000 by the issue of 10% preference share of Rs. 10 each. Find out the cost of preference share capital when it is issued at 10% discount.

- |           |           |
|-----------|-----------|
| a) 0.1111 | b) 0.1211 |
|-----------|-----------|



7. Calculate the present value of each of the following cash flows using a discount rate of 13 per cent: Rs. 6,000 cash inflow one year from now, Rs. 7,000 cash inflow three years from now. (5)
8. Calculate the effective rate of interest if the nominal rate of interest is 13% compounded annually, semi-annually, quarterly and monthly. (5)
9. The cash inflow for next two years are Rs. 20000 and Rs. 30000 respectively against a cash outflow of Rs. 40000 now. Evaluate the NPV if the required rate of return is 10%. (5)
10. Explain the functions of financial management. (5)
11. Explain the usefulness of Ratio Analysis. (5)
12. Explain the role of finance in a business. (5)
13. Define present value & future value of money with examples. (5)
14. The cash inflow for next two years are Rs. 20000 and Rs. 30000 respectively against a cash outflow of Rs. 50000 now. Evaluate the NPV if the required rate of return is 10%. (5)

**OR**

Your father has promised to give you Rs. 100,000 in cash on your 25th birthday. Today is your 16th birthday. He wants to know if he decides to make annual payments into a fund after one year, how much will each have to be if the fund pays 8 per cent? (5)

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