SCHOOL OF TECHNOLOGY MANAGEMENT& ENGINEERING, NAVI-MUMBAI

Academic Year: 2022-2023

Program: B.tech   Stream: CSBS   Year: ~~4~~ Semester: VII

Subject: FINANCIAL MANAGEMENT   Time: 45 MINS (11 AM to12 NOON)

Date: 20/08/2022   No. of Pages: 2

Marks: 20

Mid-Term Examination

Instructions: Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer Book, which is provided for their use.

1) ~~Question No. 1 is compulsory.~~ All questions are compulsory.
2) Answer to each new question to be started on a new page.
3) Figures in brackets on the right-hand side indicate full marks.
4) Calculators are allowed.
5) Assume Suitable data if necessary.

Q.No.	Statement of the question	CO/ SO/ BL	Marks
Q.1 (a)	Explain profit maximization approach and wealth maximization approach of the Financial Management Objectives.	Remember & Understand	(2)
Q.1 (b)	What is Annuity? What is the difference between deferred annuity and annuity due?	Remember & Understand	(2)
Q.1 (c)	Explain Liquidation value versus Going concern value.	Remember & Understand	(2)
Q.1 (d)	What are bonds ? Explain following bond terminologies (i) Par value (ii) Coupon rate (iii) Maturity Period	Remember & Understand	(2)
Q.2 (a)	You want to buy a house after 5 years when it is expected to cost □ 2 million. How much should you save annually if your savings earn a compound return of 12%? ι20000	Apply & Analyze	(2)

(P. T. O.)

Q.2 (b)	Mr. Joshi deposits ☐ 8000 at the end of every year for 5 years in a bank. The bank offers 8% p.a., compounded quarterly. Find the effective rate of interest p.a. Also find the accumulated value.	Apply & Analyze	(2)
Q.2 (c)	Suppose a firm borrows ☐ 1 million at an interest rate of 15% and the loan is to be repaid in 5 equal instalments payable at the end of each of the next 5 years. What proportion of the instalment payable at the end of year 2, represents the principal repayment proportion?	Create	(3)
Q.2 (d)	A ☐ 100 par value bond bears a coupon rate of 14% and matures after 5 years. Interest is payable semi – annually. Compute the value of the bond if the required rate of return is 16%.	Apply & Analyze	(2)
Q.2 (e)	You can buy a ☐ 1000 par value bond carrying an interest rate of 14% p.a and maturing after 5 years for ☐ 900. what will be your yield to maturity using trial and error method.	Apply & Analyze	(3)

Present value table extract for the reference of the students:

	PVIF for 5 years	PVIFA for 5 years
@5%	0.784	4.329
@ 6%	0.747	4.212
@ 7%	0.713	4.1
@ 8%	0.681	3.993
@9%	0.65	3.89
@10%	0.621	3.791
@11%	0.593	3.696
@12%	0.567	3.605
@13%	0.543	3.517
@ 14%	0.519	3.433
@ 15%	0.497	3.352
@ 16%	0.476	3.274