## Financial Management

6/2/25

The art and science of managing money is called finance.

# Financial Management

10 marks

debt capital, equity capital } (2) Capital Structuring
ঋণ মূলধন ⇓ নিজস্ব মূলধন ⇓

(1) Estimation of Financial Requirements

(3) Investment Decisions

(4) Portfolio Management

(5) Management of Working Capital — 2/12 mark

→ Working Capital means the funds requires for the daily operations of the business.

(6) Management of Retained Earnings

(7) Management of Cost - Volume Profit —
Make or Buy — for the optimum expanditure.
Debt (choose)

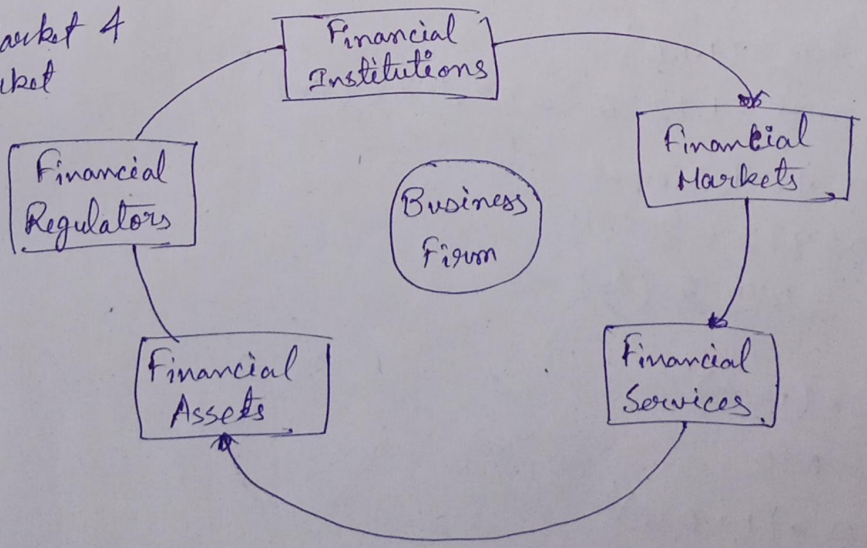
(8) Management of Liquidity —
Assests which are easily convertable to cash is liquid cash

(9) Management of fixed assets

(10) Business Valuation and Corporate Restructuring

## Financial Environment

Capital Market & Money Market deals with which investment?



# Time Value of Money

$FV = PV(1+r)^n$ ⟶ Compounded Annually

$FV = PV\left(1+\frac{r}{2}\right)^{2n}$ ⟶ " Semi "

$FV = PV\left(1+\frac{r}{4}\right)^{4n}$ ⟶ " Quarterly

$FV = PV\left(1+\frac{r}{12}\right)^{12n}$ ⟶ " monthly

FV = Future Value
PV = Present "
r = Rate of interest
n = no. of years

(1) Interest $= \frac{P r t}{100}$ ₹

$= \frac{50000 \times 10 \times 5}{100}$ ₹

$= 25000$₹ (Ans)

FV = 50000 + 25000 ₹
= 75000 ₹ (Ans)

(2) r = 12% = 0.12 ∴ $FV = P\times\left(1+\frac{r}{n}\right)^{nT}$

$FV = 20000 \times \left(1+\frac{0.12}{2}\right)^{2\times1}$

$= 20000 \times (1+0.06)^2$

$= 20000 \times (1.06)^2$

$= 20000 \times 1.1236 = 22,472$ (Ans)

Interest = FV − Principal
= 22472 − 20000
= 2472 ₹ (Ans)

(3) $FV = P\times(1+r)^T$

r = 10% = 0.10

$FV = 50000 \times (1+0.10)^5$

$= 50000 \times 1.61051 = 80,525.50$₹ (Ans)

(4) $FV = PV \times (1+r)^T$

$$PV = \frac{FV}{(1+r)^T}$$

$r = 10\% = 0.10$

$$PV = \frac{40000}{(1.10)^{10}}$$

$$\Rightarrow PV = \frac{40000}{2.59374} \quad \Rightarrow PV = 15,420.40 \text{ (Ans)}$$