REG.NO.:

VIT
Vellore Institute of Technology
(Deemed to be University under section 3 of UGC Act, 1956)

VIT BUSINESS SCHOOL
CONTINUOUS ASSESSMENT TEST - I
WINTER SEMESTER 2024-2025

SLOT: D1+TD1

Programme Name & Branch	**: BBS and B.Tech. Computer Science and Engineering and Business Systems**
Course Code and Course Name	**: MGT2003 (Financial Management)**
Faculty Name(s)	**: Dr. Gaurav Singh**
Class Number(s)	**: VL2024250504423**
Date of Examination	**: 30-01-2025**
Exam Duration	**: 90 minutes**

Maximum Marks: 50

General instruction(s):

- Answer All Questions
- M - Max mark; CO – Course Outcome; BL – Blooms Taxonomy Level (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)

  CO-1: To enable the budding Technocrat Managers to understand the Financial Management concepts and to appreciate the concepts of "time value of money" in the decision-making process.

<table>
<tr><th>Q. No</th><th>Question</th><th>M</th><th>CO</th><th>BL</th></tr>
<tr><td>1.</td><td>What are the different factors that influence the time value of money? Describe components of the required rate of return with appropriate examples.</td><td>10</td><td>1</td><td>3</td></tr>
<tr><td>2.</td><td>An organization plans to purchase two types of machinery, P and Q; both cost RS. 2,00,000 and the installation cost for machinery P is Rs. 1,00,000 and for machinery Q is 1,50,000. The cash inflow from the machinery for the next eight years is as follows:
<table>
<tr><td>Year</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td></tr>
<tr><td>Cash inflow (Machinery P, in Rs.)</td><td>10,000</td><td>25,000</td><td>1,00,000</td><td>75,000</td><td>80,000</td><td>4,50,000</td><td>1,10,000</td><td>90,000</td></tr>
<tr><td>Cash inflow (Machinery Q, in Rs.)</td><td>15,000</td><td>25,000</td><td>1,05,000</td><td>76,000</td><td>90,000</td><td>1,05,000</td><td>1,15,000</td><td>1,00,000</td></tr>
</table>
The organization should purchase machinery P or Q if the discount rate is 8%.</td><td>10</td><td>1</td><td>4</td></tr>
<tr><td>3.</td><td>A. Define financial management.
B. Define NPV and how it is connected with the objectives of a firm.</td><td>10</td><td>1</td><td>2</td></tr>
<tr><td>4.</td><td>A. Mention aspects of time value adjustment of money.
B. What is an annuity? Explain with a practical example.</td><td>10</td><td>1</td><td>2</td></tr>
<tr><td>5.</td><td>A. Calculate present and future values of all kinds of annuities.
B. Calculate perpetuity, considering the time is not applicable.
<table>
<tr><td>Amount of quarterly cashflow</td><td>Rs. 6,500</td></tr>
<tr><td>Time periods (Years)</td><td>7</td></tr>
<tr><td>Rate of interest (Charged annually)</td><td>9%</td></tr>
</table></td><td>10</td><td>1</td><td>4</td></tr>
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