Roll No. ....

BBA–505

B. B. A. (Fifth Semester)
EXAMINATION, Dec., 2012

Paper Fifth

FINANCIAL MATHEMATICS

Time : Three Hours]   *[Maximum Marks : 75*

Note : Attempt all questions. All questions carry equal marks.

1. Explain the mechanism of calculating the present value of cash flow.

Or

What is multi-period compounding ? How does it affect the annual rate of interest ? Give an example.

2. Why is consideration of time important in financial decision making ? How can time value be adjusted ? Illustrate your answer.

Or

Mr. Sohanlal has invested ₹ 10,000 for 3 years at the interest rate of 12% per annum compounded quarterly. Find the amount he will get after 3 years.

3. Explain Capital Asset Pricing Model (CAPM). How is this model relevant in investment management ?

S-7   **P. T. O.**

Or

What is "Beta Factor" ? How can it be computed ? Also explain the significance of "Beta Factor" in investment decision.

4. What factors must you consider while valuing bonds ? Explain the valuation of redeemable bonds with suitable example.

Or

An investor has a share whose dividend is expected to grow at 15% for 5 years and 7% hereafter. What is the value of the share if the current dividend per share is ₹ 3 and the required rate of return is 8% ?

5. Find out the amount of deposit you require now to receive ₹ 5,000 a year for the first five years and ₹ 8,000 a year fore ever thereafter if invested at 10% per annum.

Or

What is Sinking Funds ? Discuss it significance in financial planning.