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**1012N937**

Candidate's Seat No : \_\_\_\_\_

**MAV Sem. - 3 Examination**

**MAV - 113**

**Techniques of F.M. in Ser. Ind.**

**December-2025**

**Time : 2-30 Hours]**

**[Max. Marks : 70**

**Instructions:**

- **Figures to the right indicate Full Marks.**
- **Do not write anything on the question paper.**

**Q.1.** Define the key characteristics of financial management and discuss its central objectives.

**(14 Marks)**

**Q.2.a)** A company provides the following financial information:

**(7 Marks)**

- Cash: ₹25,000
- Debtors: ₹70,000
- Stock (Inventory): ₹90,000
- Bills Receivable: ₹40,000
- Short-term Investments: ₹30,000
- Prepaid Expenses: ₹15,000
- Creditors: ₹80,000
- Bills Payable: ₹45,000
- Outstanding Wages: ₹20,000
- Bank Overdraft: ₹25,000
- Outstanding Rent: ₹10,000

Calculate the Working Capital of the company.

**b)** Explain the concept of operating cycle.

**(7 Marks)**

**OR**

**Q.2.** Discuss the various factors that help in determining the capital structure of a company. **(14 Marks)**

**Q.3.** "Manual financial systems have various drawbacks". In the light of this statement, bring out the significance of various financial management tools used to manage the finances of a business organisation. **(14 Marks)**

**OR**

**Q.3.** Write short note on –

**(14 Marks)**

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a) Features of optimum capital structure.

b) Merits and demerits of equity financing

**Q.4.** Imagine you are a financial consultant advising a newly established business. Define the 'finance function' in this context, and explain the different types of financial decisions involved to manage the business effectively. **(14 Marks)**

**OR**

**Q.4. a)** A family-owned manufacturing business, 'Metal Works Pvt. Ltd.', has traditionally been managed with a focus on cost control, profit maximization, and raising funds through bank loans for short-term needs. However, the next-generation leader is questioning this approach due to increasing market volatility and shareholder demands. In this scenario, how would you contrast the 'Traditional approach' of financial management (historically used by Metal Works) with a 'Modern approach', and justify why adopting the modern approach is critical for the company's long-term sustainability and creation of shareholder value? **(7 Marks)**

**b)** What is time value of money? Highlight the practical applications of the concept of time value of money. **(7 Marks)**

**Q.5. a)** Explain the payback method of capital budgeting along with the decision criteria followed and merits and demerits of the same. **(7 Marks)**

**b)** A firm is considering a project with the following cash flows: **(7 Marks)**

- Initial investment (at  $t = 0$ ): ₹200,000 (cash outflow)
- Annual net cash inflow: ₹70,000 at the end of each year for 4 years ( $t = 1$  to 4)
- Discount rate (required rate of return): 10% per annum

Should the firm accept or reject the project using the Net Present Value (NPV) method? Show calculations.

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**Discount factor @ 10%**

0.909

0.826

0.751

0.683

—X—