

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER 3 – EXAMINATION – WINTER 2016**

**Subject Code: 2830010**

**Date: 02/01/2017**

**Subject Name: Financial Planning (FP)**

**Time: 02:30 pm to 05:30 pm**

**Total Marks: 70**

**Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

**Q.1 (a) 1. A(n) \_\_\_\_\_ is a specific plan for spending. 06**

- a. Budget b. balance sheet
- c. Income statement d. bank statement

2. An example of a liquid asset would be

- a. home. b. an automobile.
- c. a checking account. d. retirement account

3. A \_\_\_\_\_ is a person who is designated to receive something, such as life insurance proceeds, from someone. (Beneficiary/Trustee)

4. A \_\_\_\_\_ is any document attached to the policy that modifies its coverage. (Mediation/ Rider)

5. Most financial records should be kept in a safe-deposit box. (True/False)

6. A budget deficit exists when actual spending exceeds projected spending. (True/False)

**(b) Explain following terms in brief (Any two) 06**

- a) CIBIL
- b) Inflation Risk
- c) Term Insurance

**(c) A family spends Rs. 28,000 a year for living expenses. If prices increase by four percent a year for the next three years, what amounts will the family need for its living expenses? (Table value for 4%, 3 yrs is 1.12) 02**

**Q.2 (a) Most people want to handle their finances so that they get full satisfaction from each available dollar- How Financial Planning help in this context? 07**

**(b) Why do you think Health Insurance is essential? Discuss the features of Health Insurance policy? 07**

**OR**

**(b) Explain Advantages and Disadvantages of Credit. 07**

**Q.3 (a) For successful financial planning you required to update yourself regularly. Which are the various source of investment information available? 07**

**(b) You are a above average earner and want to make savings for future. Evaluate various investment alternatives available in market 07**

**OR**

**Q.3 (a) What is Financial Planning? Explain its process in brief. 07**

**(b) Hariket is pursuing MBA course from a management institute. Define the stages of career planning and advancement for him as being fresher in job market. 07**

- Q.4 (a)** Discuss the various types of bonds and debt securities available in Indian financial market. **07**
- (b)** How changing Economic conditions and its impact on Financial Decisions? **07**

**OR**

- Q.4 (a)** 1) Using Dollar Cost Averaging. For four years, Mary Nations invested Rs.3, 000 each year in America Bank stock. In 2003, the stock was selling for Rs.34. In 2004, the stock was selling for Rs.48. In 2005, the stock was selling for Rs.37. In 2006, the stock was selling for Rs.52. After four years, how many shares does Ms. Nations own? **07**
- 2) Ben Collins plans to buy a house for Rs.65, 000. If that real estate property is expected to increase in value 5 percent each year, what would its approximate value be seven years from now? (future value for 5%, 7 yrs is 1.407)

- Q.4 (b)** Explain various numeric measures that influence investment decisions in stock market. **07**

- Q.5 (a)** When an individual applies for the consumer credit from any financial institute, what are the criteria a creditor look for the creditworthiness of the consumer. **07**
- (b)** Mr. Shah has recently purchased a Car for household purpose and wants to have his automobile insurance policy. What are the main coverages available under good automobile insurance policy? **07**

**OR**

- Q.5 (a)** Explain Tax Planning and its importance. **07**
- (b)** Use the following items to prepare a balance sheet and a cash flow statement. **07**  
Determine the total assets, total liabilities, net worth, total cash inflows, and total cash outflows.

Rent for the month, Rs.650	Monthly take-home salary, Rs.1,950
Cash in checking account, Rs.450	Savings account balance, Rs.1,890
Spending for food, Rs.345	Balance of educational loan, Rs.2,160
Current value of automobile, Rs.7,800	Telephone bill paid for month, Rs.65
Credit card balance, Rs.235	Loan payment, Rs.80
Auto insurance, Rs.230	Household possessions, Rs.3,400
Stereo equipment, Rs.2,350	Payment for electricity, Rs.90
Lunches/parking at work, Rs.180	Donations to church, Rs.70
Home computer, Rs.1,500	Value of stock investment, Rs.860
Clothing purchase, Rs.110	Restaurant spending, Rs.130

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