Roll No. ....

12021

MBA 2yr. 2nd Sem. CBCS (2016-17)

Examination – May, 2019

FINANCIAL MANAGEMENT

Paper : 16IMG22C1

Time : Three Hours] *[Maximum Marks : 80*

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No

Note : Attempt ***five*** questions in all. Question No. 1 is ***compulsory*** and attempt other questions selecting ***one*** question from each Unit in Section B.

SECTION – A

1. Short answer questions : $2 \times 8 = 16$

   (a) What do you mean by financial management ?

   (b) Name the sources of long term finance.

   (c) Why capital budgeting decisions are difficult decisions ?

   (d) What is RAD approach ?

   (e) Difference between operating leverage and financial leverage.

(f) What is stable dividend policy ?

(g) What are objectives of cash management ?

(h) What is operating cycle ?

SECTION – B

UNIT – I

2. Describe in detail various functions of the financial manager. What is his changing role in a modern business enterprise ?

3. What do you mean by Time Value of Money ? As a financial manager explain why you should take account of the time value of money in financial decision making. 16

UNIT – II

4. A project costs Rs. 1,00,000 and it generates cash inflows through a period of five years Rs. 36,000; Rs. 32,000; Rs. 28,000 ; Rs. 24,000 and Rs. 20,000. The required rate of return is assumed to be 10 percent. Find out the net present value of the project.

   Advise also whether the project should be accepted or not ? 12 + 4

5. What is the rationale behind weighted average cost of capital ? What weights should be used in the calculation of weighted average cost of capital ? Discuss. 16

UNIT – III

6. What is capital structure decision ? Critically analyse the traditional Approach of capital structure. 16

7. Write in detail the factors that determine dividend policy of a company. 16

UNIT – IV

8. Explain the concept of working capital . What are the reasons that make it important to study working capital management as a separate area in financial management. 16

9. Write note on the following : 8 + 8

   (a) Economic Order Quantity

   (b) Credit Policy