Registration No: | | | | | | | | | | |

Total Number of Pages: 02 **MBA**

MBA202

2nd SemesterBack Examination – 2016-17
FINANCIAL MANAGEMENT
BRANCH:MBA
Time: 3 Hours
Max Marks: 70
Q.CODE:Z517

Answer Question No.1 which is compulsory and any five from the rest.
The figures in the right hand margin indicate marks.

Q1 **Answer the following questions in brief.** (2 x 10)

- **a)** Write short note on Financial engineering .
- **b)** Distinguish between shares & debenture.
- **c)** What is the concept of “Time Value”?
- **d)** Calculate the present value of Rs.10,000 to be received after 5 years from now assuming 6% time preference for money.
- **e)** What do you mean by operating cycle?
- **f)** Give two objectives of holding inventories.
- **g)** Name at least two factors influencing the size of receivables
- **h)** What is capital gearing?
- **i)** Differentiate ‘capitalization’ and ‘capital structure’.
- **j)** What is MVA? How do you calculate it?

Q2 What are the principal methods employed for ascertaining the profitability of a capital expenditure project? Write short notes on any two methods. (10)

Q3 In Walter’s approach , the dividend policy of a firm depends on availability of investment opportunity and the relationship between the firm’s internal rate of return and its cost of capital. Discuss (10)

Q4 ABC Ltd sells its products on a gross profit of 20% on sales. The following information is extracted from its annual accounts for the year ended 31st March 2012 (10)

Particulars	**Rs**
Sales(3 months credit)	40,00,000
Raw materials	12,00,000
Wages(15 days in arrear)	9,60,000
Manufacturing Expenses(one month in arrear)	12,00,000
Administrative Expenses(one month in arrear)	4,80,000
Sales Promotional Expenses payable half yearly in advance)	2,00,000

The company enjoy one month’s credit from suppliers of raw material and maintain 2 months stock of raw materials and one month finished goods. Cash balance is maintained at Rs.1,00,000/- as a precautionary balance. Assuming a 10% margin , find out the working capital requirements of ABC Ltd

Q5 **a)** Define the term working capital . What factors would you take into consideration in estimating working capital needs of a concern (10)

Q6 (a) A deep discount bond (DDB) is issued for a maturity period of 20 years and having a face value of Rs.1,00,000/- . Find out the value of the DDB if the required rate of return is 10%. (5)

(b) Mr. A has a perpetual bond of the face value of Rs.1000.00. He receives an interest of Rs.60.00 annually. What would be its value if the required rate of return is 10%. (5)

Q7 Critically analyze the functions of Finance Manager in a large scale industrial establishment (10)

Q8 **Write Short notes on the Following** (5 x2)

(a) Financial Leverage Vs. Operating Leverage

(b) Risk & return