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Total Number of Pages : 02

MBA
15MNG203

2nd Semester Back Examination 2018-19
FINANCIAL MANAGEMENT

BRANCH : MBA

Max Marks : 100

Time : 3 Hours

Q.CODE : F370

Answer Question No.1 (Part-1) which is compulsory, any EIGHT from Part-II and any TWO from Part-III.

The figures in the right hand margin indicate marks.

Part- I

Q1 Only Short Answer Type Questions (Answer All-10)

(2 x 10)

- Why is finance called lifeblood of a company?
- Why do you need working capital for your firm? If not, what problems would you face?
- What is business risk? Give an example.
- Suppose a company does not declare dividend, what problem it might face?
- What is optimal capital structure?
- What is arbitrage? Who gains out of this?
- What is episodic financing?
- Is there any capital investment where you spend huge money, even if there is no return out of the investment? If yes, give an example.
- What is cash? What are its equivalents?
- What does inventory include?

Part- II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve)

(6 x 8)

- Explain the financial goal of a firm.
- What are the agency problems? Explain
- Explain the NPV approach with an example.
- How do you compute risk and return for a single asset investment?
- What are the motives of holding cash? Explain.
- What are the benefits of ABC analysis? Enumerate.
- State the Gordon' formula. Discuss its utility.
- On what assumptions NIA is based?
- How is WACC computed?
- Write a note on value maximization.
- How is accounting rate of return calculated?
- Explain the importance of leverage.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

- 210 210 210 210 210 210 210 210
- Q3** Describe the roles and responsibilities of a Finance Manager in a modern competitive organization. **(16)**
- Q4** Discuss the relative merits and demerits of non-discounted cash flow methods of appraisal of capital investment. **(16)**
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- Q5** How do you measure the cost of capital such as debt capital, Equity capital, Preference share capital and Retained earnings. Explain with suitable examples. **(16)**
- Q6** What are the determinants of working capital for a firm. Explain. **(16)**