

Roll No.

Total No. of Questions : 13]

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M.B.A. IInd Semester (Old/New)

Examination, 2019

Financial Management

Paper - CP-203

Time : 3 Hours]

[Maximum Marks : 80

Note :- Attempt any Four questions from section A and any three question from section B.

SECTION - 'A'

8×4=32

Short Answer Type Questions

- ✓ 1. What is Financial Management? Explain the functions of Financial Management?

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(1)

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- 2. What are the essential features of optimum capital structure? Explain.
- 3. Write a conceptual note on "Time value of money"?
- ✓ 4. Define capital structure? Explain the net income approach theory?
- ✓ 5. Narrate the feature of "Profitability Index"?
- ✓ 6. Write a short note on "Inventory management"?
- 7. From the following information calculate the break even point in units and in sales value
 out put = 3000 units
 selling price per unit = Rs. 30
 variable price per unit = Rs. 20
 Total Fixed cost = Rs. 20,000
- 8. Why the concept of dividend policy is significant in Financial management? Justify.

SECTION - 'B'

16×3=48

Long Answer Type Questions

- ✓ 9. Discuss any two instruments of long term finance? Also provide their relative benefits?

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10. A simplified income statement of Zenith Ltd. is given below. Calculate and interpret its degree of operating leverage, degree of financial leverage and degree of combined leverage. Income statement of Zenith Ltd. for the year ended 31st March 2018.

| | |
|---------------|-----------|
| Sales | 10,50,000 |
| Variable cost | 7,67,000 |
| Fixed cost | 75,000 |
| EBIT | 2,08,000 |
| Interest | 1,10,000 |
| Tax (30%) | 29,400 |
| Net income | 68,600 |

11. Define cost of capital. How would you calculate weighted average cost of capital?

12. A company is considering an investment proposal to purchase a machine costing Rs. 250000. The machine has a life expectancy of 5 years and no salvage value. The company's tax rate is 40%. The firm uses straight line method for providing depre-

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ciation the estimated cash flows before tax after depreciation (CFBT) from the Machine are as follows:

| Year | CFBT (Rs) |
|------|-----------|
| 1 | 60,000 |
| 2 | 70,000 |
| 3 | 90,000 |
| 4 | 1,00,000 |
| 5 | 1,50,000 |

Calculate: (a) Pay back Period

(b) Net Present value and Profitability Index at 10% discount rate you may use the following table:

| Year | 1 | 2 | 3 | 4 | 5 |
|--------------------|------|------|------|------|------|
| P.V. Factor at 10% | .909 | .826 | .751 | .683 | .621 |

13. What are the factors that determine the working capital requirement of business? Discuss.

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