

P-704

Total Pages : 3

Roll No.

MS-109

Financial Management

Master of Business Administration (MBA)

2nd Semester Examination, 2023 (June)

Time : 2 Hours]

[Max. Marks : 70

Note : This paper is of Seventy (70) marks divided into two (02) Sections A and B. Attempt the questions contained in these sections according to the detailed instructions given therein. Candidates should limit their answer to the questions on the given answer sheet. No additional (B) answer sheet will be issued.

SECTION-A

(Long Answer Type Questions)

Note : Section 'A' contains Five (05) long answer type questions of Nineteen (19) marks each. Learners are required to answer any Two (02) questions only.

(2×19=38)

1. Define Financial Management. What are its main objectives?
Explain the Functions of Corporate Finance Manager.

2. Distinguish between operating and financial leverages with appropriate illustrations.
3. Define working capital and distinguish between gross and net working capital. Explain the factors affecting the requirement of working capital in a company.
4. What is weighted average cost of capital? Explain this method with suitable illustrations.
5. ABC Ltd. is considering the purchase of a machine. Two models of machines, say Model 'X' and Model 'Y' are available each costing Rs. 1,00,000/-. In comparing the profitability of the machines, a discount rate of 10% is to be used. Earnings after tax are expected to be as follows :

Years	Model 'X' Rs.	Model 'Y' Rs.
1	30,000	10,000
2	40,000	30,000
3	50,000	40,000
4	30,000	60,000
5	20,000	40,000

Indicate which machine would be a more profitable investment under pay back method and NPV method.

Present value of Re 1 @ 10% is 0.909, 0.826, 0.751, 0.683 and 0.621.

SECTION-B

(Short Answer Type Questions)

Note : Section 'B' contains Eight (08) short answer type questions of Eight (08) marks each. Learners are required to answer any Four (04) questions only. (4×8=32)

1. Financial planning.
 2. Risk and return trade off.
 3. Indian financial system.
 4. Credit and collection policy.
 5. Cash Management.
 6. Stock Dividend.
 7. Sources of long term finance.
 8. Capital Rationing.
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