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Total No. of Pages : 02

Total No. of Questions : 15

MBA/MBA(IB) (2014 to 2017) (Sem.-2)

**FINANCIAL MANAGEMENT**

Subject Code : MBA-205

Paper ID : [C0250]

Time : 3 Hrs.

Max. Marks : 60

**INSTRUCTION TO CANDIDATES :**

1. **SECTION-A** contains **SIX** questions carrying **FIVE** marks each and students has to attempt any **FOUR** questions.
2. **SECTIONS-B** consists of **FOUR** Subsections : Units-I, II, III & IV. Each Subsection contains **TWO** questions each carrying **EIGHT** marks each and student has to attempt any **ONE** question from each Subsection.
3. **SECTION-C** is **COMPULSORY** carrying **EIGHT** marks.

**SECTION-A**

- Q1. What is the need of financial management?
- Q2. What do you mean by profit maximization?
- Q3. Discuss in detail redeemable debenture.
- Q4. How single investor lease differ from leveraged lease?
- Q5. What do you mean by capital budgeting.
- Q6. Define bonus shares.

**SECTION-B****UNIT-I**

- Q7. Define the traditional and modern concept of finance. Discuss in detail the nature and scope of financial management. Comment on the emerging role of financial manager in current scenario of era of globalization.
- Q8. *"The amount of fixed capital needed varies directly with the amount of fixed asset owned"*. Explain, what are the factors that influence estimation of fixed asset requirements of business?

**UNIT-II**

- Q9. How the rate of return on an asset is defined? What is the relationship of risk and return as per CAPM? Explain the principle of dominance. Define the efficient portfolio.

Q10. The expected cash flows of a project are as follows :

Year	0	1	2	3	4	5
Cash flow	-100,000	20,000	30,000	40,000	50,000	30,000

The cost of capital is 12% . Calculate the net present value, internal rate of return, modified internal rate of return, payback period and discounted payback period.

### UNIT-III

Q11.What do you mean by the equity shares and preference share? Explain the feature of equity shares and preference share. What are the pros and cons of equity shares from the company's and investor' point of views? What is common between equity shares and preference share in India?

Q12. a) A company expects a net operating income of Rs 1,00,000. It has 5,00,000, 6% debenture. The overall capitalization rate is 10%. Calculate the value of the firm and the equity capitalization rate (cost of equity) according to net income approach.

b) If the debenture debt is increased to Rs. 7,50,000. What will be the effect on value of firm and the equity capitalization rate?

### UNIT-IV

Q13. What do you mean by working capital? What strategies are available to a firm for financing its working capital requirement?

Q14. Define factoring .Discuss in detail financial impact factoring on balance sheet and income statement of client with the help of examples.

### SECTION-C

Q15. CA May 1990 the following annual figures relate to XYZ Co.

	Rs.
Sales( at two month's credit)	3,600,000
Materials consumed (suppliers extend two months credit)	900,000
Wages paid ( monthly in arrear)	720,000
Manufacturing expenses outstanding at the end of the year (Cash expenses are paid one month in arrear)	80,000
Total administrative expenses, paid as above	240,000
Sales promotion expenses, paid quarterly in advance	120,000

The company sells its products at a gross profit of 25 percent counting depreciation as part of the cost of Production. It keeps one month's stock each of raw materials and finished goods, and a cash balance of Rs. 100,000.Assuming a 20 percent safety margin, calculate the working capital requirements of the company on cash cost basis. Ignore work-in- process.