

Code No: E5204

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA - II Semester Examinations, February 2011
FINANCIAL MANAGEMENT

Time: 3 hours

Max. Marks: 60

Answer any five questions
All questions carry equal marks

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1. What do you mean by financial management? Discuss the approaches to finance functions?
2. Time value of money is helpful in capital budget, explain?
3. Define cost of capital. Discuss in detail the steps involved in computation of WACC.
4. Briefly discuss the techniques of capital budgeting with merits and demerits.
5. What is a flexible capital structure? Is a flexible capital structure more costly?
6. From the following information estimate working capital required for the level of activity 78000 units. You may assume that production is carried on evenly throughout the year & wages & over head expenses accrue similarly, and a time period of four weeks is equivalent to a month.

	Cost per unit(Rs)
Raw material	45
Direct labour	20
Over heads	37.5
Total cost	102.5
Profit	22.5
Selling price	125

Additional information: raw material in stock: two weeks; material in process: one week; finished goods in stock: two weeks; Credit allowed by suppliers: half month; Credit allowed to customers: four weeks; over heads: two weeks; cash at bank is expected to be Rs. 30000. 80% of sales are credit sales.

7. Discuss in detail the factors that determine the cash needs of a firm. Five examples to necessary factors.
8. Discuss in detail the Gordon's dividend policy.

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