

CODE NO: R7-22002/MBA

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA-II Semester Supplementary Examinations February -2010

**FINANCIAL MANAGEMENT**

Time:3hours

Max.Marks:60

**Answer any Five questions  
All questions carry equal marks**

- - -

1. (a) What do you understand by time value of money and what are the reasons for giving more importance to the time element in the present day investment.  
(b) Illustrate time value of money with assumed data.
2. Explain the following methods along with an example
  - (a) IRR method
  - (b) NPV method
3. Explain the following
  - (a) Preference shares
  - (b) Cost of equity
  - (c) Marginal cost of capital
  - (d) Weighted average cost of capital
4. (a) Explain the following
  - (i) Modigliani theory
  - (ii) Explain EBIT-EPS analysis(b) From the following particulars calculate
  - (i) Break even point in terms of sales value and in units
  - (ii) Number of units that must be sold to earn a profit of Rs.90,000

Fixed factory over heads cost -	Rs.60,000
Fixed selling over heads cost -	Rs.12,000
Variable manufacturing cost per unit -	Rs.12
Variable selling cost per unit -	Rs.3
Selling price per unit =	Rs.24
5. (a) Describe Walter model and Gordon model and its applicability  
(b) List and explain various factors determining dividend policy
6. (a) What is the importance of working capital?  
(b) List and explain objectives of working capital
7. Explain the following
  - (a) Basic strategies for cash management
  - (b) Cash budget
  - (c) Marketable securities
8. (a) Explain management of inventory along with its objectives  
(b) What is the importance of current assets in working capital.