

MP-202 (Old) / MP-107

June - Examination 2016

Master of Business Administration - I Year Examination**Financial Management****Paper - MP-202 (Old) / MP-107****Time : 3 Hours]****[Max. Marks :- 80**

Note: The question paper is divided into three sections A, B and C. Write answers as per given instructions.

Section - A**8 × 2 = 16**

(Very Short Answer Questions)

Note: All questions in this section are compulsory. Each question will be of 2 marks and maximum word limit for each answer will be 30 words.

- 1) (i) Give two characteristics of financial management.
- (ii) What is Economic value added?
- (iii) What are the objectives of receivables management?
- (iv) How are equity shares classified?
- (v) What is ABC analysis?
- (vi) What is net present value?
- (vii) What is EBIT?
- (viii) What is Walter's formulae of dividend?

Section - B**4 × 8 = 32**

(Short Answer Questions)

Note: This section contains 8 questions. Examinee will have to answer any four questions. Each question will be of 8 marks and maximum word limit for each answer is 200 words.

- 2) Explain the concept of wealth maximisation.
- 3) Find out the operating leverage: sales ₹ 50,000, variable cost 60%, fixed cost ₹ 12,000
- 4) What is regular working capital?
- 5) Find out the EOQ:
Annual requirement = 1600 units
Cost of material per unit = ₹ 40
Cost of placing and receiving one order = ₹ 50
Annual carrying cost of inventory is 10% of inventory value.
- 6) What are the strategies of cash management?
- 7) Explain cost of Debt.
- 8) What do you mean by 'cash inflow'?
- 9) Discuss various forms of dividend.

Section - C**2 × 16 = 32**

(Long Answer Questions)

Note: Answer any two questions within 500 words of each answer.

- 10) A Ltd has issued 2000 Equity shares of ₹ 100 each as fully paid. The market price of these share is ₹ 160 per share Dividend has been paid at ₹ 8 per share. Find cost of equity using dividend yield method.
- 11) Explain the importance of capital budgeting.
- 12) Discuss the merits of a stable dividend policy.
- 13) Find out the P/V Ratio, BEP and margin of safety from the following information:

	₹
Sales	1,00,000
Variable cost	60,000
Fixed cost	30,000
