

MP-107 / MP-202 (Old)
December - Examination 2015
MBA Ist Year Examination
Financial Management
Paper - MP-107 / MP-202 (Old)

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 x 2 = 16

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) What do you understand by finance function?
- (ii) Give two objectives of financial management.
- (iii) What are the objectives of working capital?
- (iv) What are the objectives of cash management?
- (v) What is financial leverage?
- (vi) How are preference shares classified?
- (vii) Give the formula of P/V ratio.
- (viii) What do you mean by key - factor?

Section - B

4 x 8 = 32

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) Discuss the scope of financial management.
- 3) What are the objectives of working capital management?
- 4) What is receivable management? Explain.
- 5) Explain the type of inventories.
- 6) Find out economic ordering quantity from the following particulars.

Annual uses : 600 units

Cost of material per unit : ₹ 20

Cost of placing and receiving orders : ₹ 60

Annual carrying cost for unit : 10% of inventories value

- 7) What is break-even point? How is it ascertained? Discuss.
- 8) What is present value method in capital budgeting? Explain.
- 9) What is stable dividend policy? Explain.

Section - C

2 x 16 = 32

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

- 10) The current market price per share is ₹ 110 and the current dividend per share is ₹ 5.50. Assuming that the dividends grow at the rate of 5%, calculate the cost of equity capital.
 - 11) Illustrate the methodology of working capital estimation.
 - 12) If P/V ratio is 30% and margin of safety is 40%. Find out the current fixed cost, break-even point and net profit if actual sale is ₹ 5,00,000.
 - 13) Explain the dividend model of Modigliani - Miller's approach.
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