

**MP-202(Old)/MP-107**

December - 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.

**Section - A****8 × 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 financial management?
- (ii) What is profit maximisation?
- (iii) Give the formulae of Breakeven point.
- (iv) How are debentures classified?
- (v) What is meant by operating cycle?
- (vi) What is pay back period?
- (vii) What do you mean by annuity?
- (viii) What is dividend policy?

**Section - B****4 × 8 = 32**

**Note:** This section contain 8 questions. Examinees 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 motives for holding cash.
- 3) Find out the operating leverage: sales ₹ 1,00,000, variable cost 40%, fixed cost ₹ 20,000
- 4) Discuss the significance of financial management.
- 5) What are term loans?
- 6) Find out the EOQ from the following particulars:  
Annual consumption = 4000 units  
Price per unit = ₹ 10  
Ordering cost per order = ₹ 60  
Inventory carrying cost = 30% of the value of inventory
- 7) What is the cost of Equity Capital?
- 8) Explain the features of Capital Budgeting.
- 9) What is decision tree approach? Discuss.

**Section - C****2 × 16 = 32**

**Note:** Attempt any 2 questions within 500 words of each answer.

- 10) A Ltd has issued 2000 equity shares of ₹ 100 each as fully paid. The company has earned a profit of ₹ 20,000 after tax. The market price of these share is ₹ 160 per share. Find out the cost of equity capital using earnings yield method.
- 11) Explain the different types of policies of dividend distribution.
- 12) What are the constituents of working capital? Explain.
- 13) Calculate P/V Ratio, BEP and margin of safety from the following information:

	₹
Sales	40,000
Fixed cost	12,000
Variable cost	20,000

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