

**MP-202(Old)/MP-107**  
December - Examination 2018  
**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:** Answer **all** questions. As per the nature of the question delimit your answer in one word, one sentence or maximum upto 30 words. Each question carries 2 marks.

- 1) (i) What is finance function?
- (ii) What is Balance Sheet?
- (iii) What is meant by cost-volume-profit analysis?
- (iv) What is Gross working capital?
- (v) State the characteristics of receivables.
- (vi) Define Inventory.

(vii) What is implicit cost of capital?

(viii) What is Pay-Back-Period?

### Section - B

4 × 8 = 32

(Short Answer Questions)

**Note:** Answer **any four** questions. Each answer should not exceed 200 words. Each question carries 8 marks.

- 2) A project of Rs. 20,00,000 yielded annually profit of Rs. 3,00,000 after depreciation at 12.5% and is subject to income tax at 50%. Calculate pay back period.
- 3) What are Bonus shares? State the justification of their issue.
- 4) What do you understand by Financial Leverage? Explain.
- 5) How are equity shares useful to the company? Discuss.
- 6) What is EOQ? Give its assumptions.
- 7) Why is the maximising wealth a better goal than maximising profit? Discuss.
- 8) A company issued 10,000 equity shares of Rs. 10/- each at a premium of Rs. 2/- each. The company has incurred issue expenses of Rs. 5,000/-. The equity shareholders expect the rate of dividend to 18% p.a. Calculate the cost of equity share capital.
- 9) Explain the assumptions of M.M. Theory.

**Section - C****2 × 16 = 32**

(Long Answer Questions)

**Note:** Answer **any two** questions. You have to delimit your each answer maximum upto 500 words. Each question carries 16 marks.

- 10) Why is time value of money important in financial decision making? Discuss.
- 11) Explain different types of Dividend distribution policies.
- 12) Examine briefly the various sources of long term financing in Indian industries.
- 13) Calculate the financial leverage from the following information:-

	Rs.
Interest	5,000
Sales (1000 units)	50,000
Variable costs	25,000
Fixed costs	15,000

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