

10. What do you mean by Cost of Capital ? Explain various factors affecting Cost of Capital.

11. From the following Balance Sheets of ABC Ltd. as on 31st December, 2010 and 2011. You are required to prepare a statement showing changes in working capital :

Liabilities	2010	2011	Assets	2010	2011
	(₹)	(₹)		(₹)	(₹)
Share Capital	5,00,000	6,00,000	Fixed Assets	7,50,000	10,00,000
Reserve & Surplus	2,00,000	4,00,000	Investment	1,00,000	3,00,000
Loans	3,00,000	5,00,000	Stock	2,00,000	2,20,000
Creditors	1,50,000	2,00,000	Debtors	1,00,000	80,000
Bills Payable	1,00,000	70,000	Cash	30,000	70,000
			Bills		
			Receivable	70,000	1,00,000
	12,50,000	17,70,000		12,50,000	17,70,000

12. What is 'Cash' in cash management ? What is Miller-Orr Model of cash management ?

13. What do you understand by long-term finance ? Critically examine the importance of instruments of long-term finance.

MP-107/MP-202(Old)

June – Examination 2024

Master of Business Administration (Ist Year) Examination

FINANCIAL MANAGEMENT

Paper : MP-107/MP-202 (Old)

Time : 3 Hours]

[Maximum Marks : 80

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

Section-A

8×2=16

(Very Short Answer Type Questions)

Note :- Answer all questions. As per the nature of the question delimit your answer in one word, one sentence or maximum up to 30 words. Each question carries 2 marks.

1. (i) What do you understand by financial statements ?
- (ii) What do you mean by Time Value of Money ?

- (iii) What is Operating Leverage ?
- (iv) What is Net Working Capital ?
- (v) What do you mean by Capital Budgeting ?
- (vi) Define 'High Gearing'.
- (vii) What is Internal Rate of Return ?
- (viii) Write the names of any *two* dividend models.

Section-B **4×8=32**

(Short Answer Type Questions)

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

2. What do you mean by Financial Management ? Explain the concept of Wealth Maximisation.
3. What is Management of Cash ? Discuss its utility and methods.
4. A company issues 9% irredeemable debentures of ₹ 100 each for ₹ 5 lakhs. The company's tax rate is 40%. Calculate the cost of debt (before as well as after tax) if the debentures are issued at (a) par, (b) 5% discount, (c) 10% premium.
5. 10% 1000 Preference shares of ₹ 100 each, 100000 Equity shares of ₹ 10 each

Additional information : Profit after tax (50%)
₹ 2,50,000

DPS ₹ 2 per share, MPS ₹ 40.

Calculate EPS, P/E ratio, Dividend yield ratio and Dividend Payout ratio.

6. Explain the concept of working capital. What are the determinants of working capital ? Explain.
7. The management of Rakesh Ltd. wants to invest ₹ 10,000 in a project which will give earnings for five years. The earnings after tax but before depreciation will be ₹ 2,000 in the first year, ₹ 4,000 in the second year, ₹ 4,000 in the third year, ₹ 2,000 in the fourth year and ₹ 1,000 in the fifth year.

Suggest management whether this project is worthwhile to be taken, if management has suggested 10% discount rate for the computation of present value.

The present value of ₹ 1 for five years at 10% discount rate is 0.909, 0.826, 0.751, 0.683 and 0.621 respectively.

8. What do you understand by Dividend ? State any *four* determinants of dividend policy.
9. Define Risk Analysis in Capital Budgeting and explain its techniques.

Section-C **2×16=32**

(Long Answer Type Questions)

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