

Evaluate the two alternatives by using:

- (i) Pay-back period method. and
- (ii) Post Pay-back Period prafitability Method.

Q.13 What do you mean by 'Dividend policy' and critically examine the essentials of a sound dividend policy.

—x—

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## Management Examination June, 2015

### Financial Management

Time : Three Hours)

[Max. Marks : 80

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

#### Section-A

(Very Short Answer type 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. 8×2=16

- Q.1
- (i) What is Finance.
  - (ii) Give two limitations of financial managements.
  - (iii) Define Working Capital.
  - (iv) Define the concept of Cash Management.
  - (v) Explain the concept of leverages.
  - (vi) What is debenture?:
  - (vii) What is Break even Point?
  - (viii) Explain the meaning of key factor

(4)

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(1)

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(ix) What is Dividend?

(x) Write the name of various types of dividend policy.

### Section-B

(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.  $4 \times 8 = 32$

- Q.2 Discuss the objectives and functions of financial management.
- Q.3 What is 'operating cycle' of working capital?
- Q.4 Explain the concept of accounts receivable?
- Q.5 Discuss the objectives of inventory management.
- Q.6 How would you determine the cost of debt?
- Q.7 Illustrate EBIT-EPS Analysis.
- Q.8 What is net cash inflows in a capital budgeting?
- Q.9 Examine critically the "Walter Formula" of dividend policy?

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### Section-C

(Long Answer Questions)

**Note:** This section contains 4 questions. Examinee will have to answer any two questions. Each question will be of 16 marks and maximum word limit for each answer is 500 words.  $2 \times 16 = 32$

Q.10 Given:

Fixed Expenses Rs. 20000

variable cost per unit Rs. 10

Selling Price Per unit Rs.20

Calculate profit when sales will be Rs. 20,0000

Q.11 Explain the concept of cost of capital. What is the utility of cost of capital?

Q.12 xyz Ltd. is considering the purchase of a machine. Two machines A and B are available at the cost of Rs. 60,000 each. Earnings after taxes but before depreciation are expected as follows:

Cash inflows		
Year	Machine A	Machine B
1	25,000	10,000
2	20,000	15,000
3	15,000	25,000
4	10,000	20,000
5	10,000	20,000

(3)