

MP-202(Old)/MP-107

June - Examination 2017

**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**

Note: Attempt **any eight** questions. Each question carries 2 marks and maximum word limit for each answer will be 30 words.

- 1) (i) What is financial management?
- (ii) What is wealth maximization?
- (iii) Write the formula for future value of money of a single cash flow.
- (iv) State the meaning of Net Working Capital.
- (v) What is the objective of cash management?
- (vi) What is management of receivables?
- (vii) What is EOQ?
- (viii) Explain the concept of cost of capital.

Section - B**4 × 8 = 32**

Note: Attempt **any four** questions. Each question carries 8 marks and maximum word limit for each answer is 200 words.

- 2) Explain the CAPM method of cost of equity capital.
- 3) 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 payback period.
- 4) Differentiate between regular dividend and interim dividend.
- 5) Explain the motives for holding cash.
- 6) Calculate the EOQ from the following particulars:
Annual requirement = 1600 units
Cost of materials per unit = Rs. 40
Cost of placing one order = Rs. 50
Annual carrying cost of inventory 10% of inventory value.
- 7) What is the cost of debt? Give formula.
- 8) Differentiate between equity shares and preference shares.
- 9) What is the meaning of dividend and conditions for its declaration?

Section - C**2 × 16 = 32**

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

- 10) A manufacturing company will require 50,000 units of a product during the next year. The ordering cost is Rs. 20 and the carrying cost is Rs. 50 per year/per unit. Lead time of an order is 5 days and the company will keep a safety stock of 2 days. You are required to calculate:
- (i) EOQ
 - (ii) Re order point
 - (iii) Min. inventory.
- 11) “Time value of money is important principle of financial management”. Discuss.
- 12) What are the various sources of long term financing in Indian industries.
- 13) A machine is available in market at Rs. 1 lac. Earnings after tax but before depreciation are:

Years	1	2	3	4	5
Cash flows	25000	37500	50000	25000	12500

Evaluate according to pay-back period.