



NBH-161100020203

Seat No. _____

M. B. A. (SEM. II) (CBCS) Examination

April / May - 2017

Financial Management

Time : 3 Hours]

[Total Marks : 70

Instruction : All the questions carry equal marks.

- 1 Define capital budgeting. Discuss different methods of capital budgeting with the help of suitable examples.

OR

- 1 What is the role of Finance Manager in any organization ? Explain the various activities that he is supposed to undertake.
- 2 (a) Mr A deposits Rs 1000 in a bank account for a term of 5 years at 6% interest. Find out the amount which he will have in his account if interest is compounded :
 - (i) annually
 - (ii) semi - annually
 - (iii) quarterly.
- (b) X has taken a 50-month car loan of Rs 6,00,000. The rate of interest is 12 per cent per annum. What will be the amount of monthly loan Instalment?

OR

- 2 (a) Explain briefly the different sources of long term finance for a firm.
- (b) Explain briefly the various theories of Capital Structure.
- 3 What is meant by the term "Working Capital Management"? Which are the Factors that affect the Determination of working capital requirement ?

OR

- 3 Explain the term "Financial Management". Narrate on the scope and objectives of Financial Management.

- 4 (a) Ashok is planning to purchase the shares of Big Ltd. His required rate of return is 20 %. Dividends are growing at a rate of 10 %. What dividend had Big Ltd. paid last year if he is willing to pay Rs. 27.50 for Big Ltd's shares?
- (b) What are the issues that are faced by the companies in framing a Dividend Policy ?

OR

- 4 A proforma cost sheet of a company provides the following particulars :

Particulars	Amount per unit
Elements of cost :	
Raw materials	80
Direct labour	30
Overhead	60
Total Cost	170
Profit	30
Selling Price	200

The following further particulars are available:

Raw materials in stock, on average, one month; Materials in process (completion stage, 50 per cent), on average, half a month; Finished goods in stock, on average, one month.

Credit allowed by suppliers is one month; Credit allowed to debtors is two months; Average timelag in payment of wages is 1.5 weeks and one month in overhead expenses; one-fourth of the output is sold against cash; cash in hand and at bank is desired to be maintained at Rs 3,65,000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of production. You may assume that production is carried on evenly throughout the year, and wages and overheads accrue similarly. For calculation purposes, 4 weeks may be taken as equivalent to a month.

- 5 Write Short Notes on : (any **two**) :
- (1) Venture Capital
 - (2) Payback Period
 - (3) Inventory Management.