



MBP-010-003203

Seat No. _____

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

April / May - 2018

CCT - 10203 : Financial Management

Faculty Code : 010

Subject Code : 003203

Time : $2\frac{1}{2}$ Hour]

[Total Marks : 70

- 1 What do you mean by Financial Management ? Explain 14
the objective of Financial Management.

- 2 Krishna Company is considering two mutually exclusive 14
projects. Both require an initial investment of 50,000 each
and have a life of 5 yrs. The cost of capital of the company
is 10% and tax rate is 50%, the depreciation on straight
line method. The estimated net cash flow (before depreciation
and tax) of the two projects is as follow.

Year	Project A	Project B	Discounting factor
1	20000	30000	0.909
2	22000	27000	0.826
3	28000	22000	0.751
4	25000	25000	0.683
5	30000	20000	0.621

Prepare a capital budgeting.

OR

- 2 (a) What is working capital? What are the different 7
factors affecting working capital Requirement of
the firm ?
- (b) Explain the meaning and importance of cost of capital. 7

- 3 Explain briefly the different sources of long term finance for a firm. 14

OR

- 3 Financial matters of a company are listed below : 14

Types of securities	Cost price	Market price	Specific cost
Equity share capital	8,00,000	12,00,000	14.59%
Preference share capital	4,00,000	4,60,000	10.53%
Debt	6,00,000	5,40,000	4.77%
Re-investment of profit	2,00,000	3,00,000	14.00%
Total capital	20,00,000	25,00,000	

According to above listed information :

- (A) According to book value
- (B) According to Market value, calculate the weighted average cost of capital.
- 4 (a) Following details related to the ABC Ltd. 10
- Equity Share capital (Each of Rs.10)..... 1,00,000
- 10% debentures (Each of Rs.100) 1,00,000
- Sales 3,00,000
- Variable operating expenses..... 2,25,000
- Fixed operating expenses 25,000
- Taxation rate 40%
- On the basis of above details, calculate the degree of operating leverage, the degree of financial leverage and degree of combine leverage
- (b) Explain the concept for time value of money. 4

OR

- 4 (a) What do you mean by leverage? Explain different types of leverages. 7
- (b) Capital budgeting process. 7
- 5 Short notes on : (any two) 14
- (1) Cash Management
- (2) Venture capital
- (3) Dividend policy.