



**PAS-19MBA203**

Seat No. \_\_\_\_\_

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

**August / September - 2020**

**Financial Management**

Time : 3 Hours]

[Total Marks : 70

**Instruction :** All the questions carry equal marks.

- 1 Which are different sources of finances ? Explain the long term and short term sources of finance.

**OR**

- 1 Explain the critical factors that influence the determination of capital structure.
- 2 Define capital budgeting. Discuss different methods of capital budgeting.

**OR**

- 2 You have a choice of accepting either of two 5-year cashflow streams or lump-sum amounts given below :

End of year	Cash flow stream	
	Alternative I	Alternative II
1	7,000	11,000
2	7,000	9,000
3	7,000	7,000
4	7,000	5,000
5	7,000	3,000
	<b>Lump-sum amount</b>	
<b>At time zero (<math>t = 0</math>)</b>	<b>28,250</b>	<b>28,000</b>

Assuming 10 per cent required rate of return, which alternative (I or II) and in which form (Cash flow or lump-sum) would you prefer and why ?

- 3 What is meant by Working capital? How is it calculated? Explain the determinants of working capital requirements.

OR

- 3 (a) You wish to accumulate Rs. 8,00,000 by the end of 5 years by making equal annual year-end deposits over the next 5 years. Assuming 7 per cent rate of return, how much should you deposit at the end of each year to accumulate Rs. 8,00,000 ?
- (b) X has taken a 20-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 amortisation ?

- 4 What is meant by Financial Management ? What is the nature and scope of financial management ?

OR

- 4 ABC Ltd provides you the following information:

(a) Purchase price of machine	Rs 5,50,000
(b) Installation Expense	Rs. 50,000
(c) Useful life of Machine	6 years
(d) Tax Rate	30%

Required to calculate the Payback Period :

Case-1 If earnings before depreciation and tax are Rs. 2,75,000 p.a

Case-2 If earnings before tax are Rs. 2,75,000 p.a

Case-3 If earnings after tax are Rs. 2,75,000 p.a

- 5 Write short notes on : (any two)

- (a) Time value of money
- (b) Dividend Decisions
- (c) Venture capital
- (d) Inventory Management.