

Roll No.

12611

**MBA 2 Yr. 2nd Semester New Scheme
2019-20 Examination – July, 2022**

FINANCIAL MANAGEMENT

Paper : 19IMG22C1

Time : Three Hours]

[Maximum Marks : 80

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard, will be entertained after examination.

Note : All question of Section-A are **compulsory**. Attempt any **four** questions from Section-B selecting **one** question from each Unit. All questions carry equal marks.

SECTION – A

1. Explain in brief :

- (a) Optimum capital structure.
- (b) Future value of money.
- (c) Cost of equity capital.

- (d) Receivables management.
- (e) Sources of long term finance.
- (f) Weighted average cost of capital.
- (g) Determinants of dividend policy.
- (h) Uneven cash inflows.

SECTION – B

UNIT – I

- 2. Explain the scope of financial management. Discuss the role of financial manager. <https://www.mdustudy.com>
- 3. Discuss the features of equity shares. What are the merits of the deferred shares ?

UNIT – II

- 4. Explain various approaches for calculation of cost of equity. How overall cost of capital is calculated ?

UNIT – IV

5. A company has to choose one of the following two actually exclusive machines. Both the machines have to be depreciated. Taking the cutoff rate as 10% and 15%, calculate net present value :

Cash inflows

Year	Machine X	Machine Y
0	-20,000	-20,000
1	5,500	6,200
2	6,200	8,800
3	7,800	4,300
4	4,500	3,700
5	3,000	2,000

You may use the following table :

Year	1	2	3	4	5	6	7	8	9	10
P.V. Factor at 10%	.909	.826	.751	.683	0.621	.564	.513	.467	.424	.386
P.V. Factor at 15%	.870	.756	.658	.572	.497	.432	.376	.327	.284	.247

UNIT – III

6. Critically examine Modigliani and Miller theory of capital structure and firm valuation.
7. Describe the traditional view on the optimum capital structure. Compare and contrast this view with the NOI approach and the NI approach.

8. Define working capital. Discuss in detail objectives of working capital, discuss in detail operating cycle approach to working capital and cash management.
9. Explain the motives of holding cash. Discuss the cash management techniques.
-