

### UNIT-III

6. Using suitable examples, compute financial operating and combined leverages. What is their utility for a finance manager ?
7. What are the factors which influence the dividend policy of a firm ? Why should a company follow stable dividend policy ?

### UNIT-IV

8. Discuss the various concepts of working capital. What shall be the repercussions if a firm has : (i) shortage of working capital and (ii) excess of working capital. Also highlight the importance of working capital cycle in working capital management.
9. Write notes on the following :
  - (a) Cost associated with inventories.
  - (b) Objectives and elements of credit policy.

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Roll No. ....

**56021**

**M.B.A. 2 Yr. 2nd Semester  
(Old) (Re-appear)**

**Examination- May, 2017**

**FINANCIAL MANAGEMENT**

**Paper-MBA-201**

**Time : 3 hours**

**Max. 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 the examination.

**Note :** Attempt **compulsory** question No. 1 from Section-A and **four** more questions from Section-B (**one** question from each unit). All questions carry equal marks.

### SECTION-A

1. (a) Highlight the importance of financial management in an organization.

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- (b) Find the PV of ₹1210 received after 2 years at 10% rate.
- (c) Differentiate between cash flows and profit.
- (d) What is marginal cost of capital ? Explain and illustrate.
- (e) Why does a company pay dividends ?
- (f) What are the assumptions of NI-theory ?
- (g) Why does a firm need working capital ?
- (h) What are the objectives of cash management ?

## SECTION-B

### UNIT-I

2. What are the functions of financial management ? What are the risks involved in it ?
3. A person invests ₹10,000 in a bank, at 10% annual rate of interest, for one year. Find the amount he will receive after one year if

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the interest is compounded (i) annually, (ii) half-yearly (iii) quarterly and (iv) monthly.

### UNIT-II

4. The Balance Sheet of ABC Ltd. reveals the following information :

Sources of funds	Amount (Lakh ₹)
Equity capital	400
10% debentures	600
14% term loans	1000
<b>Total</b>	<b>2000</b>

- (a) Calculate the WACC of the company if the company pays 20% dividend each year.
- (b) What will be the new value of WACC, if the current price of ₹100 face value share is ₹150 ?
- (c) Determine the effect of tax on the cost of capital under both the cases (a) and (b) Assume the tax rate at 50%.

5. Explain the importance and types of investment decisions. Discuss the process of these decisions.

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