

OLD

2017

M B A

2nd Semester Examination

FINANCIAL MANAGEMENT

PAPER—MBA-201

Full Marks : 100

Time : 3 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

1. Answer any *eight* questions :

8×5

- (a) Discuss the decision making areas of Finance Manager.
- (b) Distinguish between traditional and modern objectives of FM.
- (c) Establish the relationship between BCR and NBCR in capital budgeting.
- (d) Write a short note on 'operating cycle'.

- (e) From the following information compute NPV and Pay-back period.

<u>Cash flow (Rs.)</u>	<u>Year</u>
10,000	1st
12,000	2nd
14,000	3rd
16,000	4th
20,000	5th

Initial Investment is Rs.45,000/- and cost of capital is 10%. 5+5

- (f) (i) From the following information compute DOL, DFL and DCL.

Sales → Rs.1,00,000

Variable Cost → Rs.40,000

Fixed Cost → Rs.10,000

Tax Rate → 30%

Interest → Rs.5,000

- (ii) Write a note on EBIT-EPS analysis. 6+4

[Internal Assessment : 20]

- (e) What do you mean by optimal capital structure ? Explain briefly.
- (f) What do you mean by time value of money ? Explain briefly.
- (g) What are the sources of short term sources of funds ?
- (h) Distinguish between operating lease and finance lease.
- (i) Explain the concepts of permanent and temporary working capital.
- (j) Discuss different forms of dividend.
- (k) Distinguish between NPV and IRR method as used in capital budgeting decision.
- (l) What are the limitations of pay-back period concept ?

2. Answer any four questions : 4×10

- (a) Discuss the factors affecting the working capital requirement of a firm. 10
- (b) Describe the essentials of optimal capital structure of a firm. 10
- (c) Briefly describe the factors affecting the dividend policy of a company. 10
- (d) From the following information calculate price per share as per Walter's Model and Gordon's Model.

Cost of capital → 10%

Required rate of return → 12%

D/P Ratio = 30% or 50%

EPS = Rs.12/-

10