

Roll No. ....

**12021**

**MBA 2yr. 2nd Sem. CBCS (2016-17)**

**Examination – May, 2019**

**FINANCIAL MANAGEMENT**

**Paper : 16IMG22C1**

**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*

**Note :** Attempt *five* questions in all. Question No. 1 is *compulsory* and attempt other questions selecting *one* question from each Unit in Section B.

**SECTION – A**

1. Short answer questions : 2 × 8 = 16
- (a) What do you mean by financial management ?
  - (b) Name the sources of long term finance.
  - (c) Why capital budgeting decisions are difficult decisions ?
  - (d) What is RAD approach ?
  - (e) Difference between operating leverage and financial leverage.

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- (f) What is stable dividend policy ?
- (g) What are objectives of cash management ?
- (h) What is operating cycle ?

**SECTION – B**

**UNIT – I**

2. Describe in detail various functions of the financial manager. What is his changing role in a modern business enterprise ? https://www.haryanapapers.com
3. What do you mean by Time Value of Money ? As a financial manager explain why you should take account of the time value of money in financial decision making. 16

**UNIT – II**

4. A project costs Rs. 1,00,000 and it generates cash inflows through a period of five years Rs. 36,000; Rs. 32,000; Rs. 28,000 ; Rs. 24,000 and Rs. 20,000. The required rate of return is assumed to be 10 percent. Find out the net present value of the project.
- Advise also whether the project should be accepted or not ? 12 + 4
5. What is the rationale behind weighted average cost of capital ? What weights should be used in the calculation of weighted average cost of capital ? Discuss. 16

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### UNIT – III

6. What is capital structure decision ? Critically analyse the traditional Approach of capital structure. 16
7. Write in detail the factors that determine dividend policy of a company. 16

### UNIT – IV

8. Explain the concept of working capital . What are the reasons that make it important to study working capital management as a separate area in financial management. 16
9. Write note on the following : 8 + 8
- (a) Economic Order Quantity
  - (b) Credit Policy

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