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7231

Name of the Candidate :

M.B.A. DEGREE EXAMINATION MAY 2015.

(SELF MANAGEMENT AND CRISIS MANAGEMENT)

(SECOND YEAR)

230 — FINANCIAL MANAGEMENT

Time : Three hours

Maximum : 75 marks

SECTION A

Answer any FIVE questions.

(5 × 3 = 15)

All questions carry equal marks.

1. Write short notes on :
 - (a) The term financial management
 - (b) EOQ
 - (c) Time value of money
 - (d) Bonus issue
 - (e) Receivables management
 - (f) Cash management
- (g) A project costs Rs.1,00,000 and yields annual cash inflow of Rs.20,000 for 8 years.
Calculate pay back period.

SECTION B

Answer any THREE questions.

(3 × 10 = 30)

All questions carry equal marks.

2. Explain the different types of merger.
3. A Ltd company has equity shares of Rs.5,00,000 divided into shares of Rs.100 each. It wishes to raise further Rs.3,00,000 for expenditure cum modernization plans. Company plans the following financing schemes.
 - (a) All common stocks.
 - (b) All debts at 10% p.a.EBIT – Rs.1,50,000. Corporate Tax is 50%. Determine EPS and comment on the implication of the financial leverage.

4. Explain the factors affecting the dividend policy.
5. What are the credit and collection procedures usually adopted in the case of individual accounts.
6. Explain MM hypothesis – if corporate taxes are price assumed to exist.

SECTION C

Answer any TWO question.

(2 × 15 = 30)

7. Define the term capital structure. Explain the cardinal principles of capital structure. What do you mean by optimum capital structure. Give examples.
 8. Explain in detail the different methods of capital budgeting with merits and demerits.
 9. Prepare an estimate of working capital requirement from the following information of a concern.
 - (a) Project annual sales – 1,00,000 units
 - (b) Selling price Rs.8 per unit
 - (c) Percentage of net profit on sales – 25%
 - (d) Average credit period allowed to customers – 8 weeks
 - (e) Average credit period allowed by suppliers – 4 weeks
 - (f) Average stock holding in terms of sales required – 12 weeks
 - (g) Allow 10% for contingencies
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