

Reg. No.

Question Paper Code

11947

M.B.A - DEGREE EXAMINATIONS, APR/MAY 2023

Second Semester

Master of Business Administration

20MBT201 - FINANCIAL MANAGEMENT DECISION AND APPLICATION

(Regulations 2020)

Duration: 3 Hours

Max. Marks: 100

PART - A (10 × 2 = 20 Marks)

Answer ALL Questions

- | | <i>Marks,
K-Level, CO</i> |
|--|-------------------------------|
| 1. Define Financial Management. | 2,K1,CO1 |
| 2. What do you mean by time value of money? | 2,K1,CO1 |
| 3. Outline the formula for pay-back period. | 2,K2,CO2 |
| 4. As a financial manager, calculate IRR from the following:
Equipment requires an initial investment of Rs. 6000. The annual cash flow is estimated at Rs. 2000 for 5 years. | 2,K2,CO2 |
| 5. Identify the features of an optimal capital structure. | 2,K3,CO3 |
| 6. Distinguish between financial structure and capital structure. | 2,K3,CO3 |
| 7. Examine the need for working capital. | 2,K4,CO4 |
| 8. Examine the objectives of Inventory management. | 2,K4,CO4 |
| 9. Explain the term project financing. | 2,K2,CO5 |
| 10. Evaluate the different types of leasing. | 2,K2,CO5 |

PART - B (5 × 13 = 65 Marks)

Answer ALL Questions

11. a) Define Financial Management and discuss its various importances for Financial Decision making. 13,K2,CO1
- OR**
- b) Discuss –Traditional Vs Modern financial management concept in the business world. 13,K2,CO1
12. a) How does the Cost of Capital useful for the business? 13,K2,CO2
- OR**
- b) Explain how to calculate the weighted average cost of capital with Illustration. 13,K2,CO2

K1 – Remember; K2 – Understand; K3 – Apply; K4 – Analyze; K5 – Evaluate; K6 – Create

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13. a) Discuss the different types of dividend in Indian corporate Scenario. 13,K3,CO3

OR

- b) Define Leverage and explain different types of leverage. 13,K2,CO3

14. a) Define working capital and explain the components of working capital and its importance. 13,K2,CO4

OR

- b) Explain the operating cycle and its importance in seasonal business. 13,K4,CO4

15. a) Define debentures and discuss the different types of debentures in the capital market. 13,K4,CO5

OR

- b) Distinguish between Equity share capital and preference share capital. As a fund's manager which type of capital is more important for your business? 13,K4,CO5

**PART - C (1 × 15 = 15 Marks)
(Compulsory)**

16. a) As a Finance Manager of Thanjavur Dolls start up venture estimate the working capital finance from the following. The cost break-up for one unit of output as follows: 15,K5,CO6

Elements of cost	Amount per unit (Rs.)
Raw material	40
Direct labour	30
Overheads	10
Total cost	80
Profit	40
Selling price	120

Raw materials are in stock on an average-one month. Materials are in process on an average-half-a-month. Finished goods are in stock on an average-6 weeks. Credit allowed by suppliers is two month. Lag in payment of wages is 3 weeks. Lag in payment of overheads is 35 days. Cash in hand and at bank is expected to be Rs. 1, 00,000. Credit allowed to dealers is one months. The company followed that production is carried on evenly during the year and wages and overheads accrue similarly. Determine optimal working capital finance for the production of 10,000 units of Dolls. Comment the working capital position of the company.