Seat No.

M.B.A. - (CBCS) (Part - I) (Semester - II) Examination, May - 2017
FINANCIAL MANAGEMENT (Paper - X)
Sub. Code : 68311

Day and Date : Thursday, 18 - 05 - 2017   Total Marks : 80

Time : 3.00 p.m. to 06.00 p.m.

Instructions :
1) Q.No. 1 and 2 are compulsory.
2) Attempt any two questions from Q. No. 3 to Q. No. 5.
3) Figures to the right indicate full marks.

Q1) Compute the present values of the following cash flow streams taking a discount rate of 5%. Comment of the results by calculating net present value and profitability index.

End of the year	Cash Flow (A)	Cash Flow (B)	Cash Flow (C)
1	Rs.2,00,000	Rs.6,00,000	Rs.4,00,000
2	Rs.3,00,000	Rs.5,00,000	Rs.4,00,000
3	Rs.4,00,000	Rs.4,00,000	Rs.4,00,000
4	Rs.5,00,000	Rs.3,00,000	Rs.4,00,000
5	Rs.6,00,000	Rs.2,00,000	Rs.4,00,000

PV factors of cash flows @ 5% are 0.952; 0.907; 0.864;0.823; and 0.784 respectively for first five years cost of each project (A,B and C) is ₹ 15 lakh each. **[20]**

Q2) From the following particulars of Moon Ltd, determine the working capital requirement. **[20]**

Monthly sales expected: 16,000 units @ Rs. 10 per unit

Analysis of sales: Materials 40 %, Labour 30%, Overheads Rs.8,000 per week

Stocks include: raw material Rs.48,000 and 8,000 units of finished goods

Processing period: 2 weeks

Credit to debtors : 1 month

Credit from creditors: 1 month

Lag in payment of overheads: 2 weeks

Production is carried on evenly throughout the year and so is the case of expenses.

P.T.O.

Q3) a) Explain the concept of financial management. Describe its scope. **[10]**

b) What do you mean by 'ratio analysis'? Explain the liquidity ratios. **[10]**

Q4) a) What do you mean by funds flow statement? Explain its importance. **[10]**

b) What is working capital? Discuss the financing of working capital in brief. **[10]**

Q5) Write short notes on any four of the following. **[20]**

a) Cost of Debt

b) Weighted average cost of Capital

c) Inter firm Analysis

d) Debtors turnover Ratio

e) Profit Maximisation

f) Accounting Rate of Return

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