

Seat No.	
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Regu – D- 259

**M.B.A. (Part - I) (Semester – II) Examination, 2011
FINANCIAL MANAGEMENT (Paper – X)
(Regular) (New Course)
Sub. Code : 48329**

Day and Date: Wednesday, 21-11-2011
Time : 10.30a.m. to 1.30 p.m.

Total Marks : 70

- Instructions**
- 1) Question Numbers 1 & 5 are **compulsory**
 - 2) Solve **any two** questions from **Q.2 to 4.**
 - 3) Figures to the **right** indicate marks for the questions.

1. The following information is related to two machines, A and B

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Particulars	Machine A	Machine B	PV @ 10%
Cost	Rs. 56125	Rs. 56125	
Annual estimated CFAT			
Year – 1	Rs. 14000	Rs.22000	0.909
2	Rs. 16000	Rs.20000	0.826
3	Rs.18000	Rs.18000	0.751
4	Rs. 20000	Rs. 16000	0.683
5	Rs. 25000	Rs. 17000	0.621
Estimated life	5 (years)	5 (years)	
Estimated salvage value	Nil	Nil	

Determine –

- a) Pay Back Period at 10% discount rate
- b) Net Present Value Period at 10% discount rate.

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2. a) Define financial management. Explain the objectives of financial Management. **8**
b) Explain the factors affecting the working capital requirement. **7**
3. a) Define Ratio Analysis. Explain the significance of ratio analysis. **8**
b) Explain the role of finance Manager in india **7**
4. a) X and Y Limited desirous to purchase a business and has consulted you and asked you to determine the amount of working capital required in the first year. **8**
You are given the following estimates and are instructed to add 10% to your computed figure to allow for contingencies

Particulars	Amount for the year
i) Average amount backed up for stocks :	
Stocks of finished products	5,000
Stocks of stores and materials	8,000
ii) Average credit given :	
Inland sales, 6 weeks credit	3,12,000
Export sales, 1.5 weeks credit	78,000
iii) Average time lag in payment of wages and other outgoings	
wages, 1.5 weeks	2,60,000
Stocks and materials, 1.5 months	48,000
Rent and royalties, 6 months	10,000
Clerical staff, 0.5 months	62,400
Manager, 0.5 month	4,800
Miscellaneous expenses, 1.5 months	48,0000

iv) Payment in advance :
Sundry expenses (paid quarterly in advance) 8,000

b) Explain weighted average cost of capital with example. **7**

5. Write short notes (**any four**) : **20**

- a) Profitability ratios
- b) Significance of capital budgeting
- c) Sources of working capital
- d) Bank credit
- e) Pay back period method
- f) Functions of financial management
