

Roll No.

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COER University**END SEMESTER EXAMINATION, EVEN SEM 2022-23**

Time

: 3 hours

Total Marks : 100

Program Name : MBA

Semester : II

Course Name : Financial Management

Course Code : MBA205/SOB510

Note: All questions are compulsory. No student is allowed to leave the examination hall before the completion of the time.

Q. No 1	Attempt Any Four Parts. Each Question Carries 5 Marks.	CO	BL
(a)	Describe How do investment decisions differ from financing decisions in financial management?	CO 1	1,2
(b)	What are the major types of financial management decisions that business firms take? Discuss in brief.	CO 1	1,2
(c)	Explain briefly the scope and objectives of financial management.	CO 1	1,2
(d)	Explain that factor which affects the time value of money.	CO 1	1,2
(e)	What are the types of dividends?	CO 1	1,2

Q. No 2	Attempt Any Four Parts. Each Question Carries 5 Marks.	CO	BL
(a)	Explain the concept of operating leverage. How will you measure the degree of operating leverage?	CO 2	2,3
(b)	From the following information find out operating, financial and combined leverages. Sales Rs. 1,00,000 Variable Cost Rs. 60,000 Fixed Cost Rs. 20,000 Interest Rs. 10,000	CO 2	2,3
(c)	Following is the capital structure of Rama Ltd. On it basis compute 'Weighted Average Cost of Capital'. Source Amount Cost of Capital Debentures 5,00,000 12% Pref. Shares 8,00,000 8% Equity Shares 12,00,000 15% Retained Earnings 5,00,000 15%	CO 2	2,3
(d)	Briefly explain the concept of venture capital.	CO 2	2,3
(e)	Explain factors affecting Capital Structure of an organization.	CO 2	2,3

Q. No 3	Attempt Any Four Parts. Each Question Carries 5 Marks.	CO	BL												
(a)	Briefly explain the techniques of risk analysis in capital budgeting.	CO 3													
(b)	<p>Ram Ltd. is planning to purchase a machine for Rs 1,50,000 which is likely to generate the following earnings in the next five years</p> <table><tr><td>Year</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>EBDT</td><td>50,000</td><td>55,000</td><td>60,000</td><td>62,000</td><td>65,000</td></tr></table> <p>The purchase of machine would result in an increase of working capital by Rs. 15,000. The machine will be depreciated on straight line method and will have a salvage value of Rs. 20,000. Corporate Tax rate is 50%.</p> <p>Should the machine be purchased if the cost of capital is 12%? Use Net Present Value Method. P.V.F at 12% for five years are .893, .797, .712, .636 and .567.</p>	Year	1	2	3	4	5	EBDT	50,000	55,000	60,000	62,000	65,000	CO 3	2,3
Year	1	2	3	4	5										
EBDT	50,000	55,000	60,000	62,000	65,000										
(c)	Discover Accounting Rate of Return. And also explain the advantage and disadvantage of Accounting Rate of Return.	CO 3	2,3												
(d)	Discover difference between Average Rate of Return and Internal Rate of Return.	CO 3	2,3												
(e)	What is the profitability index? Which is a superior ranking criterion, the profitability index or the net present value?	CO 3	2,3												

Q. No 4	Attempt Any Two Parts. Each Question Carries 10 Marks.	CO	BL
(a)	Explain dividend policy and also explain the factors determining the dividend policy of a company.	CO 4	3,4
(b)	From the following information, find out the Economic Order Quantity and the number of orders placed in the year Annual Consumption 4000 Units Buying Cost per order Rs. 60 Price Per Unit Rs. 10 Storage and Carrying Cost as a percentage of Average Inventory Rs. 3 per unit.	CO 4	3,4
(c)	Explain Inventory Management. And also discuss the various techniques of Inventory Management.	CO 4	3,4

Q. No 5	Attempt Any Two Parts. Each Question Carries 10 Marks.	CO	BL
(a)	Explain the meaning of merger with types. And Briefly discuss the reasons or motives for Mergers.	CO 5	2,3
(b)	Define Corporate Restructuring and also explain various forms of Corporate Restructuring in detail.	CO 5	2,3
(c)	Describe the advantage and disadvantage of Takeover and also explain the difference between Merger and Takeover.	CO 5	2,3

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