MAHARISHI UNIVERSITY OF MANAGEMENT AND TECHNOLOGY

MAHARISHI ROAD, MANGLA, BILASPUR (CHHATTISGHAR)-495001

FINAL EXAM : SEMESTER-II, SESSION 2021-22

COURSE –MBA, PAPER –III , SUBJECT CODE – MBA203

SUBJECT – FINANCIAL MANAGEMENT

Max Marks : 70 **Min Pass Marks : 28**

- All questions are compulsory.
- Be precise in your answers**.**

Que 1 Multiple choice: Read the following questions carefully and choose the suitable answer: 10X1=10

(i) The concept of Financial Management is:

A. Profit Maximization
B. All features of obtaining and using financial resources for company operations.
C. Organization of funds.
D. Effective Management of every company

(ii) The capital budget is associated with.

A. Long terms and short terms assets
B. Fixed assets
C. Long terms assets
D. Short term assets

(iii) What does financial leverage measure?

A. No change with EBIT and EPS
B. The sensibility of EBIT with % change with respect to output
C. The sensibility of EPS w.r.t % change in the EBIT level
D. % variation in the level of production

(iv) The decisions relating to the use of profits or income of an entity or organization are known:

A. Finance decisions
B. Dividend decisions
C. Investment Decision
D. Any of these

(v) What is the primary goal of financial management?

A. To minimize the risk
B. To maximize the owner's wealth
C. To maximize the return
D. To raise profit

(vi) Financial controller is :

A. Cash management
B. Credit management
C. Securities management
D. None of these

(vii) The concept that value of a rupee to be received in future is less than the value of a rupee on hand today is named as what?

A. Recovery factor concept
B. Time value of money
C. Compounding factor concept
D. None of these

(viii) The difference between present value of cash inflows and present value of cash outflows:-

A. Gross present value
B. Capital
C. Net present value
D. None of these

(ix) The risk that arises due to use of debt by the firm causing variability of return for creditors and shareholders is?

A. Call Risk
B. Liquidity Risk
C. Financial Risk
D. Default risk

(x) Not measurable time is :-

A. Uncertainty
B. Risk
C. Certainity
D. All of the above

Que 2 Short Answer (Any Five) – 5x4=20

(a) What is the scope and aim of financial management?

(b) Explain the importance of cost volume profit analysis.

(c) What is dividend? How company distribute the dividend.

(d) Explain in detail the term "DU-Pont" analysis.

(e) Explain combined leverage with formula and example.

(f) What is Cash Management? Explain in detail.

(g) What is Zero Based budgeting?

Que 3 Long Answer (Any Five) – 8x5=40

(a) What is financial management? Explain the functions of finance manager.

(b) What are the Long term instruments of finance? Explain any two instruments in detail.

(c) Explain Inventory and its types. What are the costs associated with Inventory management.

(d) The following are the details

Selling price per unit Rs. 20

Variable cost per unit Rs. 12

Actual sales 200 units

Installed capacity 300 units

Calculated operating leverage in each of the following two situations.

(I) when fixed costs are Rs. 1000

(II) when fixed costs are Rs. 800..

(e) What are the factors that affect the Capital structure?

(f) What are the factors that determine the working capital requirement of business? Discuss.

(g) What is Budgeting? Explain fixed budget in detail with example.

(h) Explain

(I) Pay Back period.

(II) Net Present Value

(i) What are the different tools and techniques of financial management.

(j) What is the different source of capital requirement? How Equity can be raised by a company, if the company already float the equity in the market.

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Answer

1 –B

2-C

3- C

4-B

5- B

6-D

7-B

8- C

9- C

10- A