

**MASTER OF BUSINESS ADMINISTRATION
SECOND SEMESTER [REPEAT]
FINANCIAL MANAGEMENT
MBA – 204**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. _____ is concerned with the acquisition, financing, and management of assets with some overall goal in mind.
 - a. Financial management
 - b. Profit maximization
 - c. Agency theory
 - d. Social responsibility
2. Basic objective of Financial Management is _____.
 - a. Maximization of profit
 - b. Maximization of share holder's wealth
 - c. Ensuring Financial discipline in the firm
 - d. All of these
3. Financial management aims to keep the risk under-
 - a. Control
 - b. Minimum decided the expense
 - c. Higher than before
 - d. Lesser than before
4. For maximizing the profit, production is to be _____.
 - a. minimized
 - b. Ignored
 - c. Maximized
 - d. Downsized
5. Which report gives a review on the profitability of a business?
 - a. Statement of changes in equity
 - b. Cash flow statement
 - c. Balance sheet
 - d. Income statement
6. Current assets are also known as:
 - a. Cash
 - b. Assets
 - c. Invested capital
 - d. Working capital
7. The main operation expenses of a business are termed as:
 - a. Operating expenses
 - b. Non-administration expense
 - c. Selling expenses
 - d. Administration expense
8. A method used in a comparative analysis of financial statement is:
 - a. Returning analysis
 - b. Common size analysis
 - c. Preference analysis
 - d. Graphical analysis
9. The shorter the payback period -
 - a. The riskier is the project.
 - b. The less risky is the project
 - c. Less will the NPV of the project
 - d. More will the NPV of the project

10. Which of the following evaluation criteria does not consider time value of money?
- Benefit-cost ratio
 - Pay-back period
 - IRR
 - Net benefit cost
11. The short-term financial plans are known as:
- Objectives
 - Budgets
 - Programs
 - Policies
12. If you add depreciation and other non cash expenses in profit after tax, the resulting figure is -
- Profit available for equity shareholder
 - Cash Flow After Tax (CFAT)
 - Net cash flow
 - Free cash flow
13. The main aim of capital structure is to:
- Maximise owner's return and minimise the cost of capital
 - Maximise owner's return and maximise the cost of capital
 - Minimise owner's return and minimise the cost of capital
 - Minimise owner's return and maximise the cost of capital
14. Capital Structure is a part of _____:
- The asset side of a balance sheet
 - The liability side of a balance sheet
 - The Trial Balance
 - None of the above
15. Which of these is a theory of capital structure?
- Net Income
 - Modigliani-Miller Theorem
 - Net Operating Income
 - All of the Above
16. _____ is the minimum required rate of earnings or the cut off rate of capital expenditure.
- Cost of capital
 - Working capital
 - Equity capital
 - None of the above
17. Net working capital refers to _____.
- Total assets minus fixed assets.
 - Current assets minus current liabilities.
 - Current assets minus inventories.
 - Current assets
18. A project is accepted when:
- Profitability index will be greater than unity
 - Internal Rate of Return will be greater than cost of capital
 - Net present value is greater than zero
 - Any of the above
19. Which of the following does not belong to the funds of the holders?
- Equity shares
 - Reserves and surplus
 - Debentures
 - Preference shares
20. A positive working capital means that -
- The company is able to pay-off its long-term liabilities.
 - The company is able to select profitable projects
 - The company is unable to meet its short-term liabilities
 - The company is able to pay-off its short-term liabilities.

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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Write the meaning of financial management. Explain the functions of financial management. 2+8=10
2. Explain the concept and evolution of financial function. 10
3. Define financial analysis. Explain the different types of financial analysis. 10
4. From the following Balance Sheet of Myaan Ltd., prepare Comparative Balance Sheet. 10

Particulars	Note No.	31-03-2022	31-03-2023
I. Equity and Liabilities:			
Shareholders Fund:			
Share capital		2,80,000	3,30,000
Reserve and Surplus		1,00,000	1,40,000
Non-Current Liabilities:			
Long term Borrowings		60,000	51,000
Current Liabilities:			
Short term borrowings		60,000	86,000
Bills Payables		25,000	43,000
Total		5,25,000	6,50,000
II. Assets			
Non-current Assets			
		2,47,000	4,00,000
Current Assets:			
Debtors		1,50,000	1,10,000
Cash and bank		1,28,000	1,40,000
Total		5,25,000	6,50,000

5. a) Define Payback period. Determine Payback period for a project which required a cash outlay of Rs. 20,000 and generate cash inflows of Rs. 3,000, Rs. 5,000, Rs. 6,000 and Rs. 3,000 in the 1st, 2nd, 3rd and 4th year respectively. 2+3+5=10
b) Explain the steps involved in the process of capital budgeting.
6. a) Write a note on Modigliani-Miller Approach (without tax) critically evaluates its assumptions. 5+5=10
b) Give a note on meaning and significance of cost of capital.

7. What do you mean by capital structure? Discuss the factors influencing the capital structure of a company? 2+8=10
8. What is working capital? Which factors determine the working capital requirements? 10

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