No. of Printed Pages : 3

MCN-044

00480

MASTER OF BUSINESS ADMINISTRATION (MBAEV)

Term-End Examination

June, 2013

MCN-044 : FINANCIAL MANAGEMENT

Time : 3 hours *Maximum Marks : 100*

*Note : Attempt **any five** questions. **All** questions carry **equal** marks.*

---

1. Discuss the role of a Financial Manager in a modern enterprise. Also explain in detail the scope of Financial management. **20**

2. What are the basic financial decisions ? Explain in what ways the wealth maximisation objective is superior to the profit maximisation objective. **20**

3. (a) Discuss the various approaches of working capital management. **10+10=20**

   (b) Explain the systematic and unsystematic risks involved in financial decision making.

4. Write short notes on *any four* of the following : **4x5=20**

   (a) Time value of money

   (b) Project Financing

   (c) Foreign Exchange Exposure

   (d) Capital budgeting process

   (e) Buy back of shares

   (f) Operating leverage

5. Discuss the importance of long term finance for a business enterprise. Also explain various sources of long term finance options available to an enterprise. **20**

6. Selected financial data for ABC Ltd. are given below : **20**

Variable expenses as percent of sales	$\rightarrow 66\frac{2}{3}\%$
Interest expenses	$\rightarrow$ Rs. 20 Lakhs
Degree of operating leverage	$\rightarrow 5$
Degree of financial leverage	$\rightarrow 3$
Income tax rate	$\rightarrow 50\%$

The company has not raised funds through issue of preference capital. What are the fixed expenses and profit after tax of the company ?

7. (a) What is the sales of a firm with the following financial data ? **10+10=20**

Current ratio	$\rightarrow$ 1.2
Acid-test ratio	$\rightarrow$ 1.0
Current liabilities	$\rightarrow$ Rs. 1,00,000
Inventory turnover ratio	$\rightarrow$ 6 times

(b) Calculate Yield to Maturity (YTM) from the following financial data.

Market Price	$\rightarrow$ Rs. 95
Par value	$\rightarrow$ Rs. 100
Coupon rate	$\rightarrow$ 12%
Maturity	$\rightarrow$ 8 years.

8. Calculate the maximum sales growth that can be attained without additional external financing when the following parameters are given : **20**

Assets to sales ratio	$\rightarrow$ 0.75
Spontaneous liabilities to sales ratio	$\rightarrow$ 0.6
Profit margin	$\rightarrow$ 6%
Dividend pay-out ratio	$\rightarrow$ 0.55
Previous sales	$\rightarrow$ Rs. 1,600