

Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

Second Semester MBA Degree Regular and Supplementary Examination June 2023

Course Code: 20MBA104**Course Name: FINANCIAL MANAGEMENT**

Max. Marks: 60

Duration: 3 Hours

PART A*Answer all questions. Each question carries 2 marks*

Marks

- 1 State the concept of wealth in the context of wealth maximisation objective. (2)
- 2 List out the assumptions of MM hypothesis. (2)
- 3 Write a brief note on NPV vs IRR. (2)
- 4 What do you mean by Receivables? (2)
- 5 Memorise the meaning of Ploughing Back of Profits. (2)

(5x2 marks = 10 marks)

PART B*Answer any 3 questions. Each question carries 10 marks*

- 6 "Investment, financing and dividend decisions are all inter-related." How far you agree with this statement? (10)
- 7 What do you understand by capital structure? Explain the major determinants of capital structure? (10)
- 8 Samson Ltd gives the following details regarding cash inflows and outflows of a project. (10)

Year	Cash outflow	Cash inflow
0	15,00,000	0
1	3,00,000	5,00,000
2	0	5,00,000
3	0	4,00,000
4	0	3,00,000
5	0	3,00,000

The salvage value at the end of the project is estimated as Rs.4,00,000.

Assuming a hurdle rate of 10%, calculate net present value.

The Present value factors at 10% are given as follows:

Year	1	2	3	4	5
PVF	.909	.826	.751	.683	.621

- 9 Describe the different principles of working capital management. (10)
- 10 What are the different types of dividend policies? (10)
- (3x10 marks = 30 marks)

PART C

Compulsory question carrying 20 marks

- 11 Prepare a working capital statement for Devi Ltd. Which produces 1,56,000 units per annum. The company gives the following details: (20)

Cost Per Unit	Amount
Raw Materials	90
Direct Labour	40
Overhead	75
Total Cost	205
Profit	60
Selling Price	265

Additional Information:

1. Raw materials are in on an average for one month and materials are in process on an average for 2 weeks. Finished goods are stock for one month.
2. Credit allowed by suppliers-one month and delay in payment from debtors two months.
3. Lagin payment of wages 2 weeks and in payment of overhead one month
4. Cash in hand and at Bank is expected to be Rs 60,000.
5. All sales are on credit and production is carried on evenly throughout the year.
6. Wages and overheads accrue evenly. For calculations 4 weeks is equivalent to a month.

(20 marks)
