

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 1271/7116

Roll No.

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M. B. A.**VI****(Semester-VI) Even Semester Theory Examination, 2012-13****FINANCIAL MANAGEMENT**

Time : 3 Hours]

[Total Marks : 100

Note : Attempt questions from each Section as per instructions.

SECTION - AAttempt *all* parts of this question in 50-75 words each. Each part carries 2 marks. $2 \times 10 = 20$

1. (a) Explain bonds
- (b) What is Preference Share?
- (c) What is Capitalisation?
- (d) What is debt free company?
- (e) What is Bonus Share?
- (f) What is right issue?
- (g) What is ABC approach?
- (h) Explain Factoring.
- (i) What is receivables?
- (j) What is retained earning?

SECTION - BAttempt any *three* parts of this question in not more than 200 words each. Each part carries 10 marks. $10 \times 3 = 30$

2. (a) Discuss the meaning and importance of optimum capital structure. Elaborate the significance of the same,
- (b) Differentiate profit maximisation with wealth maximisation.
- (c) Explain time value of money.

(1)

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- (d) What is cash management? What are the determinants of optimum cash balance?
(e) What are the sources of short-term finance?

SECTION -C

Attempt *all* questions of this Section in not more than 500 words each. Each question carries 10 marks. 10×5=50

3. How does the financial consideration effect the selection of form of business organisation? Explain with example.

Or

Discuss the functions of financial management of a business organisation. Does this change with the type of industry?

4. Enumerate the advantages and disadvantages of over capitalization and undercapitalization from the point of view of a company and its shareholders.

Or

“Walter's Model is the best model for determination of dividend policy.” Do you agree with this statement? Explain your point of view and also comment on the advantages and limitations of Walter's Model.

5. How do you measure the cost of Equity Capital? “Equity Capital is cost free.” Do you agree? Give reasons.

Or

Define capital budgeting. What are the important steps involved in a capital budgeting process?

6. What is the condition in which a company contemplates issuing right shares? Also discuss its merit for the existing shareholders.

Or

What is inventory management? Discuss the techniques of selective inventory control.

7. Write short notes on any two of the following :

- (a) Factors affecting dividend decision
- (b) Degree of Financial Leverage
- (c) Lease finance
- (d) Components of Working Capital Requirement