

**MBA-041**

**MSP-16**

**M.B.A. DEGREE EXAMINATION –  
JANUARY 2015.**

**First Year**

**FINANCIAL MANAGEMENT**

**Time : 3 hours**

**Maximum marks : 75**

**PART A — ( $3 \times 5 = 15$  marks)**

**Answer any THREE questions.**

**All questions carry equal marks.**

1. Explain the scope and functions of a finance manager.
2. What are the advantages and disadvantages of pay back method?
3. How to calculate the weighted average cost of capital? Explain.
4. Explain the factors affecting dividend decisions of firms.
5. What are the techniques of working capital forecasting?

PART B — ( $4 \times 15 = 60$  marks)

Answer any FOUR questions.

All questions carry equal marks.

6. Define financial policy and explain the policies required for effective financial management.
  7. What is capital budgeting? Explain the process of capital budgeting.
  8. How is the cost of equity share capital calculated? Explain the different approaches used in its calculation.
  9. Explain EBIT–EPS analysis with help of an illustration.
  10. Critically evaluate MM theory and what do you feel about the relevance of the theory.
  11. What are the factors that influence the working capital requirements? Discuss their importance.
  12. Explain the method of Lock–box agreement in accelerating flow of funds.
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