

Register Number :

Name of the Candidate :

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M.B.A. (E-Business)

DEGREE EXAMINATION, 2012

(SECOND YEAR)

(PAPER - IX)

210. FINANCIAL MANAGEMENT

May] [Time : 3 Hours

Maximum : 75 Marks

SECTION – A (5 × 3 = 15)

Answer any FIVE questions.

ALL questions carry equal marks.

1. What is working capital management?
2. What are the sources of finance?
3. What do you mean by Underwriting of Shares?
4. Expand cash Turnover.
5. What do you mean by cost of capital?

Turn Over

2

6. What are the Advantages of Leasing?
7. What is working capital control?

SECTION – B (3 × 15 = 45)

Answer any THREE questions.

ALL questions carry equal marks.

8. Briefly explain how wealth maximization is superior to profit maximization.
9. What is the ordering and carrying cost? Explain its role in inventory control.
10. “Financial Management is something more than an art of Accounting and Book keeping” – Comment.
11. What is receivable management? Explain its objectives in detail.
12. Bring out the factors and decisions of cost retained earning.
13. Discuss the various sources of long term financing.

3

SECTION – C (1 × 15 = 15)

(Compulsory)

14. Z limited company has the following capital structure:

	₹
Equity share capital (4, 00,000 shares)	80,00,0000
6% Preference share	20,00,000
8% Debentures	<u>60,00,000</u>
	<u>80,00,000</u>

The market price of the company's equity share is ₹ 20. It is expected that the company will pay a current dividend at ₹ 2 per share which will grow at 7 percent for ever. The tax rate may be presumed at 50 percent. You are required to compute the following.

A weighted average cost capital based on existing capital structure.