

8. Write short notes on the following : 4+5+5=14

- (a) Objectives of receivable Management
- (b) Economic Order Quantity (EOQ) method of inventory control
- (c) Optimum level of cash.

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Dual Degree/B.M.S.

EXAMINATION, May 2018

(Fourth Semester)

(Main & Re-appear)

MBI208

FINANCIAL MANAGEMENT

Time : 3 Hours]

[Maximum Marks : 70

Before answering the question-paper candidates should ensure that they have been supplied to correct and complete question-paper. No complaint, in this regard, will be entertained after the examination.

Note : Attempt *Five* questions in all, selecting at least *one* question from each Unit. All questions carry equal marks.

Unit I

1. What is the meaning of finance ? Write in brief the different objectives of financial management. **14**
2. Write short notes on the following : **7+7=14**
 - (a) Primary market and its features
 - (b) Foreign exchange markets.

Unit II

3. Consider the following three investment :

Cash Flows

Projects	C ₀	C ₁	C ₂
X	-25000	0	+33050
Y	-25000	+15400	+15400
Z	-25000	+28750	0

The discount rate is 10 per cent. Compute the net present value and the rate of return for each project. (Note : Discount factors for year 1 at 10% rate is .909 and for year 2 is .826)

14

4. Write short notes on the following : **7+7=14**

- (a) EBIT-EPS Analysis
- (b) Financial leverage.

Unit III

5. Discuss briefly the Modigliani Miller (MM) approach to capital structure. What are the limitations of this approach ? **14**

6. Write short notes on the following : **5+5+4=14**

- (a) Innovative sources of finance
- (b) Ordinary shares or equity
- (c) Term loans.

Unit IV

7. What is dividend policy ? Explain various factors affecting the dividend decision of a business organization. **14**