

SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR
(AUTONOMOUS)

MBA I Year II Semester Regular & Supplementary Examinations August-2023
FINANCIAL MANAGEMENT

Time: 3 Hours

Max. Marks: 60

SECTION – A

(Answer all Five Units 5 x 10 = 50 Marks)

UNIT-I

- 1 Every Manager has to take three major decisions while performing the finance function. Briefly explain them. CO1 L2 10M

OR

- 2 Share Holders Wealth maximization is the ultimate goal of the company. Discuss. CO1 L3 10M

UNIT-II

- 3 Define Capital Budgeting and Explain the various methods of Capital Budgeting. CO2 L1 10M

OR

- 4 Assume that a project requires an outlay of 50000 rupees and yields annual cash inflows of 10000, 12000, 14000, 15000 and 18000 respectively from year one through five. Calculate Accounting Rate of Return? CO2 L4 10M

UNIT-III

- 5 Define Ratio and explain the various types of Financial Ratios for decision making CO3 L2 10M

OR

- 6 From the following information, prepare summarized balance sheet as on 31st March 2019. CO3 L4 10M

- i) Stock turnover ratio 6 times
- ii) Fixed assets turnover ratio 4 times
- iii) Capital turnover ratio 2 times
- iv) Gross profit 20%
- v) Debt collection period 2 months
- vi) Creditors payment period 73 days.

UNIT-IV

- 7 A company has a total sales of Rs.1,00,000 variable cost of 60%, total cost Rs.90,000 and debt of Rs.46,000 @ 10% rate of interest and its tax rate is 35%. What are Financial, Operating leverages and Earnings after tax? CO4 L4 10M

OR

- 8 How to calculate the cost of capital of debt cost of equity and cost of preference shares? CO4 L2 10M

UNIT-V

- 9 Given the following information about Rama Industries Limited. Show the effect of the dividend policy on the market price per share, using Walter's model. EPS = Rs.8; Cost of capital = 12%; Assumed rate of return: (i) 15% (ii) 10% (iii) 12% CO5 L4 10M

OR

- 10 Critically analyze the assumption of MM Hypothesis of irrelevance dividend theory. CO5 L3 10M

SECTION – B
(Compulsory Question)

11

1 x 10 = 10 Marks

Calculate current assets of a company from the following information.

Stock turnover 8 times

Stock at the end Rs.5000 more than stock in the beginning

Sales(all credit) Rs.200000

Gross profit ratio 20%

Current liabilities Rs60000

Quick ratio 0.75

*** END ***