

Madras University

M.B.A Business Administration Financial Management (Distance Education)

May 2010 P/ID 77512/PMBM

Time :3 hours

Maximum

Marks: 100 marks

Part A - (5X6 = 30 marks)

Answer any 5 questions

1. Define finance. Explain the function of finance
2. Explain the merits of break even analysis
3. What is meant by liquidity management? Explain briefly its importance.
4. Explain the superiority of wealth management as goal of financial management.
5. Discuss the various sources of long term and short term finance available to a company.
6. Briefly explain the Tandon committee recommendation of working capital finance.
7. Compare and contrast NPV and IRR methods of project appraisal.
8. Explain capital rationing giving an example.

Part B – (5X10 = 50 marks)

Answer any 5 questions

9. Explain the major types of financial decisions that a firm makes. How do they involve risk-return trade off?
10. Explain the role of financial manager in modern enterprises.
11. What do you mean by optimum capital structure? Discuss different theories of capital structure.
12. What is financial leverage ? How do you estimate the financial leverage in a firm? Explain in detailed.

13. Explain the nature and scope and advantages of capital budgeting.

14. What is meant by finance information system? Explain its role and merits to management.

15. What is meant by concept "Financial risk"? What is the relationship between leverage and cost of capital? Discuss

16. What do you understand by receivables management? Explain its nature and objectives.

Part C – (1X20 = 20 marks)

Compulsory

17. From the following details, prepare the balance sheet of ABC Ltd.

Stock structure 6

Capital turnover ratio 2

Fixed assets 4

Gross profit 20%

Debt collection period 2 months

Creditors payment period 73 days

The gross profit was Rs.60,000, closing stock was Rs.5,000 in excess of the opening stock