

MBAC 2001

M.B.A. DEGREE EXAMINATION, JANUARY 2022

Second Semester

General (Common Paper)

FINANCIAL MANAGEMENT

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE of the following questions.

1. What are the financial goals?
2. Explain Payback Period.
3. What is net income approach?
4. What is relevance theory?
5. Mention the sources of working capital.
6. State the significance of the cost of Preference Capital.

7. Define Internal Rate of Return.
8. Bring out the issues in dividend decisions.

PART B — (5 × 10 = 50 marks)

Answer any FIVE of the following questions.

9. Discuss the meaning of Cost of Capital and its significance in detail.
10. Compare NPV and IRR and list out its advantages.
11. Examine the effects of operating and financial leverage on profit.
12. What are dividend policies? Why do investors want dividends? Explain the types of dividends.
13. Analyse the methods of measurement of working capital.
14. Evaluate the various committees report on bank finance.
15. Examine the features of Walter's Model and Gordon's Model
16. Discuss the impact of Capital Structure theories.

PART C — (1 × 20 = 20 marks)

Case Study (Compulsory Questions)

17. When a firm follows a wealth maximization goal, it achieves maximum of the market value of a share. Substantiate your argument by bringing out the favourable and unfavourable arguments for wealth maximisation.
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