

**Total No. of printed pages = 5**

**63/2 (SEM-2) MBA 2.1(N/O)**

**2022**

**MANAGEMENT STUDIES**

**(Theory Paper)**

**Paper Code : MBA 2.1(New)**

**(Financial Management)**

**Full Marks – 70**

**Time – Three hours**

**The figures in the margin indicate full marks  
for the questions.**

**1. Answer any *five* from the following :  $2 \times 5 = 10$**

- (a) What is a debenture ?**
- (b) State two current assets.**
- (c) What is net working capital ?**
- (d) What is inventory ?**
- (e) What is risk-return trade off ?**
- (f) What is pay back period ?**
- (g) What is dividend policy ?**

**[Turn over**

2. Answer any *four* from the following :  $5 \times 4 = 20$

- (a) Discuss briefly working capital financing policies.
- (b) Discuss the essentials of the credit policy.
- (c) State the facets of a cash management policy.
- (d) Discuss the finance manager's role.
- (e) State the users of financial statements.
- (f) State the features of preference shares.

3. Answer any *four* from the following :  $7 \times 4 = 28$

- (a) State the advantages and disadvantages of issuing debentures.
- (b) Discuss operating cycle.
- (c) State the determinants of working capital.
- (d) State the features of an effective inventory management policy.
- (e) Discuss wealth maximization as a financial management goal.
- (f) Discuss the discounted cash flow techniques of capital budgeting.

### CASE STUDY

4. The firm is considering two alternative financial plans :  $6+6=12$

- (i) Either to raise the entire funds by issuing 50,000 ordinary shares at Rs. 10 per share, or
- (ii) To raise Rs. 2,50,000 by issuing 25,000 ordinary shares at Rs. 10 per share and borrow Rs. 2,50,000 at 15 per cent rate of interest.

The tax rate is 50 per cent. Compare the Earnings per share and Return on Equity for the two alternative financial plans.

(Theory Paper)

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1. Answer any *five* from the following :  $2 \times 5 = 10$

- (a) What is inventory ?
- (b) What is risk return trade off ?
- (c) What is pay back period ?
- (d) What is dividend policy ?
- (e) What is a bond ?
- (f) State two current liabilities.
- (g) What is gross working capital ?

2. Answer any *five* from the following :  $4 \times 5 = 20$

- (a) State the features of equity shares.
- (b) Discuss briefly working capital financing policies.

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- (c) Discuss the essentials of the credit policy.
- (d) State the facts of a cash management policy.
- (e) Discuss the finance manager's role.
- (f) State the users of financial statements.
- (g) Discuss weighted average cost of capital.

3. Answer any *five* from the following :  $8 \times 5 = 40$

- (a) Discuss operating cycle.
- (b) State the determinants of working capital.
- (c) State the features of an effective inventory management policy.
- (d) Discuss wealth maximization as a financial management goal.
- (e) Discuss the discounted cash flow techniques of capital budgeting.
- (f) Discuss leverage.
- (g) Compare preference shares and equity shares.

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