

FINANCIAL MANAGEMENT

Time: 3 Hours

Max. Marks: 60

*Answer any FIVE Questions
All Questions Carry Equal Marks
Question No.8 is Compulsory*

1. a What are the goals and objectives of Financial Management?
b Examine the role of Financial Manager in the changing Business Environment.
2. a Outline the various sources of Finance.
b Explain any one of the theories of Capital Structure.
3. a What is the process involved in Capital Budgeting?
b Briefly write about the advantages and disadvantages of ARR method.
4. a Write any one of the theories of Dividend of your choice.
b Outline the significant determinants of Dividend.
5. a Define 'Working Capital'. What is its significance?
b Explain the nature and significance of Investment Decisions.
6. a What are the factors determining Working Capital?
b Briefly write about techniques of investment proposal.
7. a Outline the models of Cash Management.
b Write about Bonus shares and stock splits.

8. **CASE STUDY**

The following data is available in respect of two mutually exclusive projects to be considered by the management for investment.

Cash inflows :

Year	Project X	Project Y
1	60,000	90,000
2	75,000	1,50,000
3	1,20,000	1,75,000
4	1,80,000	1,25,000
5	2,50,000	50,000

Project X costs Rs. 2,75,000 and project Y costs Rs 3,00,000. An investment of this type is expected to earn a discounted rate of return at least 12 per cent. You are required to determine the more desirable project by the net present value method.
