



MBA DEGREE EXAMINATIONS: NOV/DEC 2023

(Regulation 2021)

First Semester

MASTER OF BUSINESS ADMINISTRATION

P21MBC1507: Financial Management

COURSE OUTCOMES

CO1: Explain the basic concepts of financial management.

CO2: Display (Select) the best investment option among alternatives and choose on the best source of funds through leverage

CO3: Construct the optimum capital structure and the working capital requirements

Time: Three Hours

Maximum Marks: 100

(No Mathematical Calculation questions, only theory questions)

PART A (10 Q x 10 Marks = 100 Marks) Answer Any 10 questions only

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| 1 | What is time value of money and its significance in financial decision-making and explain how wealth maximization takes into account the long-term sustainability of a business. | CO1 [K ₂] |
| 2 | Explain its importance in financial management. | CO1 [K ₂] |
| 3 | Examine the strengths and limitations of different capital budgeting techniques such as Payback Period, Net Present Value and Internal Rate of Return. | CO2 [K ₄] |
| 4 | List the primary reasons for considering investment decisions as a crucial aspect of financial management. | CO2 [K ₄] |
| 5 | Explain the concept of cost of capital and its importance in financial decision-making. Differentiate between the various sources of long-term finance. | CO2 [K ₂] |

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| 6 | Explain the capital structure and list the factors influencing it and compare and contrast the NI, Traditional, NOI, and MM approaches to capital structure. | CO3 [K ₂] |
| 7 | Interpret the EBIT-EPS relationship for a company. Construct a Point of Indifference analysis for a company with different capital structures. | CO3 [K ₂] |
| 8 | Critically summarise the assumptions underlying Modigliani-Miller's Propositions on capital structure. | CO3 [K ₂] |
| 9 | Compare and contrast the Walter, Gordon, and MM models of dividend decisions. | CO3 [K ₂] |
| 10 | Analyze the impact of different dividend policies on the value of the Company in realtime. | CO3 [K ₄] |
| 11 | Explain the determinants of Working capital in detail | CO3 [K ₂] |
| 12 | Explain the importance of cash, receivables, and inventory management in maintaining liquidity. | CO3 [K ₂] |
