Reg. No._____________ Name____________________

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

THIRD TRIMESTER MBA DEGREE EXAMINATION JAN 2019

32 FINANCIAL MANAGEMENT - II

Max. Marks: 60 Duration: 3 Hours

Part A

Answer all questions. Each question carries 2 marks

1. Discuss the benefits of mergers.
2. List down the features of Bonus shares.
3. There are different motives in holding cash in the business. State.
4. Differentiate Gross Operating Cycle (GOC) of working capital from Net Operating Cycle (NOC).
5. Test the importance of 'Earning Theory' of capitalization.

Part B

Answer any 3 questions. Each question carries 10 marks

6. Briefly explain any five factors which influence dividend policy of a firm.
7. A firm has sales of Rs. 20,00,000 variable cost Rs.14,00,000 and fixed cost of Rs.4,00,000. Compute (a) Financial Leverage and (b) Operating Leverage. The firm has a debt of Rs.10,00,000 at 10% rate of interest. (5 Marks Each)
8. Depending on the mix of short and long- term financing, explain different approaches of working capital.
9. Illustrate the different areas where Financial Engineering is applicable.
10. Traditional theories of Capital Structure have significances in determining optimum capital structure of a firm. Evaluate.

Part C

Compulsory question, the question carries 20 marks

11. A Cost sheet of a company provides the following particulars:
    Material = 45 %
    Direct Labour = 25%
    Overhead 15 = %

<u>Further information</u>

a) It is proposed to maintain a level of activity of 3,00,000 units.
b) Selling price is Rs.18 per unit.
c) Raw materials are expected to remain in stores for an average period ofone month.
d) Work in progress, on averages half a month.(material 100%, labour and overhead- 50%)
e) Finished goods are required to be in stock for an average period of one month.
f) Credit allowed to debtors is two months.
g) Credit allowed by suppliers is one month.

Assume that sales and production follow a consistent pattern. You are required to Prepare a statement of working capital (cost price) assuming 10% for contingency.

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