

Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
EIGHTH SEMESTER B.TECH DEGREE EXAMINATION, MAY 2019

Course Code: IE482

Course Name: FINANCIAL MANAGEMENT

Max. Marks: 100

Duration: 3 Hours

PART A

Answer any two full questions, each carries 15 marks.

Marks

- 1 a) What are the objectives and functions of management? (8)
- b) What do you understand by Profit maximization? How it is differ from wealth maximization? (7)
- 2 a) Who is financial manager? What is the emerging role of financial manager in the organization? (5)
- b) Give any three differences between Cash flow and fund flow analysis. (6)
- c) Given the time value of money as 10% discounting factor, you are required to find out the present value of future cash inflows that will be received over the next four years. (4)

Year	Cash inflows in (Rs)
1	1000
2	2000
3	3000
4	4000

- 3 a) Discuss varies types of financial statement analysis. (8)
- b) What is ratio analysis? Explain varies types of ratio analysis. (7)

PART B

Answer any two full questions, each carries 15 marks.

- 4 a) Briefly discuss on the various classifications of Sources of Finance? (8)
- b) Discuss the various factors affecting the capital structure of a firm. (4)
- c) How to calculate debt equity ratio? (3)
- 5 a) What do you mean by capital structure? Discuss in detail theories of capital structure. (9)
- b) Discuss the importance of retained earnings? (6)

- 6 a) Why the dividend policy is important for a company? Discuss the various (9)
determinants of a dividend policy, in a company.
- b) What are the assumptions of Walter and Gordon Model in dividend decision? (6)

PART C

Answer any two full questions, each carries 20 marks.

- 7 a) Define working capital. Discuss in detail objectives of working capital. (8)
- b) Discuss in detail operating cycle approach to working capital and cash (7)
management.
- c) What are the factors that affect the capital budgeting decision? (5)
- 8 a) From the following data, compute duration of the operating cycle for each of the (10)
two years.

Particulars	Year 1 (In Thousands)	Year 1 (In Thousands)
Stocks		
Raw Materials	20	27
Work- in- Progress	14	18
Finished Goods	21	24
Purchases	96	135
Cost of goods Sold	140	180
Sales	160	200
Debtors	32	50
Creditors	16	18

Assume 360 days per year.

- b) What do you mean by Capital Rationing? (5)
- c) Explain the process of capital budgeting. (5)
- 9 a) Define the concept of capital budgeting. Discuss in detail with the help of (8)
examples non discounted techniques of budgeting.
- b) A Company invests 10,000 in project, Which generates the following cash flows (4)
in the next 4 years. The firm has a cost of capital of 10%. Calculate profitability
index. The cash inflows are as under.

Years	Cash Inflows (Rs)
1	3000
2	5000
3	5000
4	5000

- c) The company initial investment in a project as Rs. 1,00,000 and the expected cash (8)
inflows during the project are as follows.

Years	1	2	3	4	5
Cash Inflow	20,000	30,000	40,000	50,000	30,000

The cost of capital is 12%. Calculate the following.

- (i) Net present value.
- (ii) Pay-back period.
