

Register Number :
Name of the Candidate :

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**M.B.A. (Financial Management)
DEGREE EXAMINATION, 2012**

(SECOND YEAR)

(PAPER - XII)

**240. MANagements OF FUNDS AND
ASSETS**

December] [Time : 3 Hours

Maximum : 75 Marks

SECTION – A (5 × 3 = 15)

Answer any FIVE questions.

ALL questions carry EQUAL marks.

- I. (a) Write a short note on sinking fund.
(b) What do you mean by management of funds?
(c) What is financial planning?

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- (d) What is earning theory?
- (e) Explain EPS and EBIT.
- (f) Explain the Cost of Capital.
- (g) What do you understand by Excess Present Value Method?

SECTION – B (3 × 10 = 30)

Answer any THREE questions.

ALL questions carry EQUAL marks.

2. Bring out the significance and tools of financial analysis.
3. Explain the different types of preference shares.
4. Explain the impact of optimum inventory level.
5. Explain the Due point system and its effectiveness.
6. Describe the various methods used for risk factors in capital budgeting decisions.

- (a) 10% dividend was paid in cash during the year.
- (b) New machine for ₹ 15,000/- purchased but old machine costing ₹ 6,000 was sold for ₹ 2,000 on which the accumulated depreciation was ₹ 3,000.
- (c) ₹ 10,000, 8% debentures were redeemed by purchase from open market at ₹ 96 for a Debenture of ₹ 100.
- (d) Investment was sold at book value.

Prepare cash flow statement.

SECTION – D

(1 × 15 = 15)

(Compulsory)

10. The following is the Balance Sheet of XYZ Ltd. as on 31.12.76 and 31.12.1977.

Liabilities	1976	1977	Assets	1976	1977
	₹	₹		₹	₹
Share capital	1,15,000	1,15,000	Cash and Bank	45,000	45,000
P & L Account	8,000	11,500	Debtors	38,500	26,500
Reserves	30,000	30,000	Investments	50,000	32,000
Depreciation fund	20,000	22,000	Prepaid expenses	500	1,000
8% Debentures	45,000	35,000	Stock	41,000	53,000
Outstanding exp	6,000	6,500	Land	77,000	77,000
Creditors	52,000	47,500	Machinery	24,000	33,000
	2,76,000	2,67,500		2,76,000	2,67,500

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7. Explain the different sources of working capital and discuss the dangers of having excessive working capital in a firm.
8. Explain the types of leverages and discuss the significance of leverages.
9. Discuss the Discounted Cash Flow Technique and its various methods.

*Answer any ONE question.***SECTION – C** (1 × 15 = 15)

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