

ANDHRA UNIVERSITY
SCHOOL OF DISTANCE EDUCATION
MASTER OF BUSINESS ADMINISTRATION (Old Regulations)
II YEAR ASSIGNMENT QUESTION PAPER 2010-11

201: FINANCIAL MANAGEMENT

Assignment No 1

5 x5 =25 Marks

Answer All Questions:

1. Explain the methods of raising long-term capital.
2. What are the different types of financial ratios? State the limitations of ratio analysis
3. A project needs an investment of Rs.1,38,500. The cost of capital is 12%.

The net cash inflows are as follows:

<u>Year</u>	<u>Cash inflows</u>
1	30,000
2	40,000
3	60,000
4	30,000
5	20,000

Calculate the internal rate of return. Suggest whether the project should be accepted or not and why?

4. What do you understand by budgeting? Mention the types of budgets that the management of big industrial concern would normally prepare.
5. Compare the nature of financial leverage with operating leverage.

Assignment No 2

5 x5 =25 Marks

Answer All Questions:

1. Critically evaluate the goals of maximization of profit and maximization of returns of equity.
2. What is statement of changes in financial position? How does it differ from Funds Flow or Cash Flow Statement?
3. Explain theories of dividend with examples.
4. What is Weighted Average cost of capital (WACC)? What are the steps involved in calculating a firm's WACC?
5. What is C.V.P analysis? What kinds of questions may be answered with the help C.V.P analysis?