

[Total No. of Questions - 10] [Total No. of Printed Pages - 2]  
(2064)

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**MBA 3rd Semester Examination**  
**Advanced Financial Management (O.S.)**

**FM-07**

**Time : 3 Hours**

**Max. Marks : 60**

*The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.*

**Note :** Attempt five (5) questions in all, selecting one question from each section. Each question is of 12 marks. Marks are indicated against each question.

**SECTION - A**

1. Explain with a suitable example the standard deviation and coefficient of variation as measures of dealing with risk of capital budgeting. (12)
2. Describe the decision-tree approach to capital budgeting. Examine the suitability of this approach. (6+6)

**SECTION - B**

3. What is the need of working capital? What are the different approaches to financing of working capital requirements? Explain in detail. (3+9)
4. "Cash Budget is an important technique of cash management". Explain. What are the different methods of preparing the cash budget? (6+6)

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**SECTION - C**

5. What are the costs associated with receivables? Also explain the objectives of credit policy of a firm? (6+6)
6. Write a detailed note on the following with reference to inventory management.
  - (a) ABC analysis of inventory control.
  - (b) Economic order quantity. (6+6)

**SECTION - D**

7. What do you understand by the financial lease? Explain the difference between financial lease and operating lease. (4+8)
8. Write a detailed note on the following:
  - (a) Advantages and limitations of lease.
  - (b) Sale and Lease back. (6+6)

**SECTION - E**

9. What are the advantages and disadvantages of debenture as an instrument of financing from the point of view of the company as well as the investors? (12)
10. Write short notes on the following:
  - (a) Reverse Merger.
  - (b) Hostile Take-Over.
  - (c) Horizontal Merger. (4+4+4)