



Subject Code: R16MBA201

MBA - II Semester Supple Examinations, October-2020  
FINANCIAL MANAGEMENT

Time: 3 hours

Max Marks: 60

Question Paper Consists of Part-A and Part-B.

Answering the question in Part-A is Compulsory & Four Questions should be answered from Part-B  
All questions carry equal marks of 12.

PART-A (CASE STUDY)

1 X 12 = 12

1. ABC and Co. is considering a proposal to replace one of its plants costing Rs. 60,000 and having a written down value of Rs. 24,000. The remaining economic life of the plant is 4 years after which it will have no salvage value. However, if sold today, it has a salvage value of Rs. 20,000. The new machine costing Rs. 1,30,000 is also expected to have a life of 4 years with a scrap value of Rs. 18,000. The new machine, due to its technological superiority, is expected to contribute additional annual benefit (before depreciation and tax) of Rs. 60,000. Find out the cash flows associated with this decision given that the tax rate applicable to the firm is 40%. (The capital gain or loss may be taken as not subject to tax).

PART-B

4X 12 = 48

2. (a) Write about roles of finance manager.  
(b) Explain risk-return trade off.
3. (a) The cost of a plant is Rs. 5,00,000. It has an estimated life of 5 years after which it would be disposed off (scrap value nil). Profit before depreciation, interest and taxes (PBIT) is estimated to be Rs. 1,75,000 p.a. Find out the yearly cash flow from the plant. Tax rate 30%.
- (b) A firm is currently using a machine which was purchased two years ago for Rs. 70,000 and has a remaining useful life of 5 years. It is considering to replace the machine with a new one which will cost Rs. 1,40,000. The cost of installation will amount to Rs. 10,000. The increase in working capital will be Rs. 20,000. The expected cash inflows before depreciation and taxes for both the machines are as follows:

Year	Existing Machine	New Machine
1	30,000	50,000
2	30,000	60,000
3	30,000	70,000
4	30,000	90,000
5	30,000	1,00,000

The firm use Straight Line Method of depreciation. The average tax on income as well as on capital gains / losses is 40%.

Calculate the incremental cash flows assuming sale value of existing machine: (i) Rs. 80,000, (ii) Rs. 60,000, (iii) Rs. 50,000, and (iv) Rs. 30,000.

4. Explain about capital structure theories in depth.

5. Solve the following problems.

- a) A company raised preference share capital of Rs. 1,00,000 by the issue of 10% preference share of Rs. 10 each. Find out the cost of preference share capital when it is issued at (i) 10% premium, and(ii) 10% discount.
- b) A company has 10% redeemable preference share which are redeemable at the end of 10<sup>th</sup> year from the date of issue. The underwriting expenses are expected to 2%. Find out the effective cost of preference share capital.
- c) The entire share capital of a company consist of 1,00,000 equity share of Rs. 100 each. Its current earnings are Rs. 10,00,000 p.a. The company wants to raise additional funds of Rs. 25,00,000 by issuing new shares. The flotation cost is expected to be 10% of the face value. Find out the cost of equity capital given that the earnings are expected to remain same for coming years.

6. Explain various techniques of inventory management.

7. (a) What is dividend?

(b) Write about various dividend decision models with examples.

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**Subject Code: R16MBA206**

**MBA - II Semester Supple Examinations, October-2020  
E-BUSINESS (ERP & E-COMMERCE)**

**Time: 3 hours**

**Max Marks: 60**

Question Paper Consists of **Part-A** and **Part-B**.

Answering the question in **Part-A** is Compulsory & Four Questions should be answered from Part-B

All questions carry equal marks of 12.

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**PART-A (CASE STUDY)**

**1 X 12 = 12**

**1. CASE STUDY FOR RESTAURANT INFORMATION SYSTEM**

A waiter takes an order at a table, and then enters it online via one of the six terminals located in the restaurant dining room. The order is routed to a printer in the appropriate preparation area: the cold item printer if it is a salad, the hot-item printer if it is a hot sandwich or the bar printer if it is a drink. A customer's meal check-listing (bill) the items ordered and the respective prices are automatically generated. This ordering system eliminates the old three carbon-copy guest check system as well as any problems caused by a waiter's handwriting. When the kitchen runs out of a food item, the cooks send out an 'out of stock' message, which will be displayed on the dining room terminals when waiters try to order that item. This gives the waiters faster feedback, enabling them to give better service to the customers. Other system features aid management in the planning and control of their restaurant business. The system provides up-to-the-minute information on the food items ordered and breaks out percentages showing sales of each item versus total sales. This helps management plan menus according to customers' tastes. The system also compares the weekly sales total versus food costs, allowing planning for tighter cost controls. In addition, whenever an order is voided, the reasons for the void are keyed in. This may help later in management decisions, especially if the voids consistently related to food or service. Acceptance of the system by the users is exceptionally high since the waiters and waitresses were involved in the selection and design process. All potential users were asked to give their impressions and ideas about the various systems available before one was chosen.

**Questions:**

1. In the light of the system, describe the decisions to be made in the area of strategic planning, managerial control and operational control? What information would you require to make such decisions?

2. What would make the system a more complete MIS rather than just doing transaction processing?
3. Explain the probable effects that making the system more formal would have on the customers and the management.

**PART-B**

**4X 12 = 48**

2. Define ERP and explain origin and need for an ERP System.
3. (a) Illustrate the advantages and disadvantages of SAP.  
(b) What are the different types of consultants? Explain along with roles.
4. (a) Discuss the functions and features of ERP financial module.  
(b) Write the benefits of human resources ERP module.
5. (a) Write about history of E-Commerce.  
(b) What are the advantages and disadvantages of E-Commerce?
6. Explain the following:
  - (a) Business to Business module
  - (b) Business to Consumer module
  - (c) Consumer to Consumer module
  - (d) Business to Government module
7. (a) Explain various modes of electronic payments.  
(b) List out various risks in electronic payments.

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