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| **SESSION** | **AUG-SEP’23** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **II** |
| **COURSE CODE & NAME** | **DMBA202 FINANCIAL MANAGEMENT** |
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**Assignment Set – 1**

**1. a) Describe various functions of financial management.**

Financial management is a crucial aspect of any organization, playing a vital role in fiscal health and business success. Its functions encompass a wide range of activities, from planning and organizing to controlling and monitoring financial resources. Here's an overview of the various functions of financial management.

**1. Financial Planning**

One of the primary functions of financial management is financial planning. This involves determining the capital requirements of a business and deciding the best mix of debt and equity

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**b) Mr. Shivam Goyal deposits Rs. 2000 at the end of every year for five yearsinto his account. Interest is being compounded annually at a rate of 5%.Determine the amount of money he will have at the end of the fifth year.**

**2. Describe the factors that need to be considered while planning a company’s financial needs. Also, deliberate on the advantages and disadvantages of financial planning. 5+ 2.5+2.5**

Ans 2.

**Factors that need to be considered while planning a company’s financial needs**

Financial planning is a crucial aspect of managing a company's operations, ensuring its long-term viability and success. This process involves a detailed analysis and strategic implementation of various factors to effectively manage the company's financial resources. The following are key factors to consider while planning a company’s financial needs:

**Understanding Business Goals and Objectives**

The first step in financial planning is to understand the company's short-term and long-term

**3. Estimate and interpret the degree of operating, financial, and combined leverage of A Ltd. And B. Ltd. based onthe following data:**

|  |  |  |
| --- | --- | --- |
|  | **A Ltd. (Rs.)** | **B Ltd. (Rs.)** |
| **Sales** | **16,00,000** | **20,00,000** |
| **Fixed Costs** | **5,00,000** | **10,00,000** |

**Variable expenses are 40% of sales for firm A and 25% for firm B. Interest expenses are ₹ 1,60,000 for A Ltd. and ₹ 2,00,000 for B Ltd.**

Assignment Set – 2

**4. a) You are planning to start a project. If the required initial outlay of the project is ₹ 70,000 and estimated annual cash inflows are ₹ 30,000, ₹ 20,000, ₹ 18,000, ₹ 18,000, and ₹ 15,000 for the next 5 years respectively. Estimate the payback period of the project. 5+5**

**b) You have received a project proposal with a lifeexpectancy of 5 years:**

**Particulars Years Amount in ₹**

**Initial Investment 0 6,00,000**

**Cash inflows 1 1,20,000**

 **2 1,20,000**

 **3 1,80,000**

 **4 1,80,000**

 **5 2,20,000**

**Calculate the Net Present Value of the project using the discount rate of 9%.**

**5. A) Explain various motives for holding cash in an organization.**

**B) X Ltd. Produces a product which has an annual demand of 48000 units. The product requires a component beta which is produced at Rs.20. For every finished product, one unit of the component is required. The ordering cost is Rs.120 per order and the holding cost is 10% p.a. Execute EOQ Calculation.**

**6. Describe in detail the factors that need to be taken into consideration while estimating working capital requirements by an organization.**