

MASTER OF HOSPITAL ADMINISTRATION
FIRST SEMESTER
FINANCIAL MANAGEMENT
MHA – 106
[USE OMR FOR OBJECTIVE PART]

2024/12

**SET
A**

Duration: 3 hrs.

Full Marks: 70

Time: 20 min.

(Objective)

Marks: 20

1×20=20

Choose the correct answer from the following:

1. Objective of financial management is:
 - a. Profit maximization
 - b. Wealth maximization
 - c. Assets maximization
 - d. Sales maximization
2. Maximization of Shareholders Wealth is reflected in :
 - a. Sales Maximization
 - b. Number of Shareholders
 - c. Market Price of Equity Shares
 - d. None of the above
3. The objective of wealth maximization takes into consideration:
 - a. Risk related to uncertainty of returns
 - b. Timing of expected returns
 - c. Amount of returns expected
 - d. All of the above
4. What is not a part of Investment decision in financial management?
 - a. Dividend Payout decision
 - b. Working Capital Management
 - c. Capital Budgeting Decisions
 - d. Payable Management
5. Which of the following is a cash outflow for the firm?
 - a. Taxes
 - b. Dividends
 - c. Interest payments
 - d. All of the above
6. _____ is a long-term planning for financing proposed capital outlay.
 - a. Capital Budgeting
 - b. Budgeting
 - c. Cash Budget
 - d. Sales Budget
7. Time value of money is an important concept of finance because it takes in to account:
 - a. Risk
 - b. Time
 - c. Compound interest
 - d. All of the above

8. MM Model argues that dividend is irrelevant as :
- a. The value of the firm depends upon earning power
 - b. The investors buy shares for capital gain.
 - c. Dividend is payable after deciding the retained earnings
 - d. Dividend is a small amount
9. The capital budget is associated with.
- a. Long terms and short terms assets
 - b. Fixed assets
 - c. Long terms assets
 - d. Short term assets
- 10 Weighted Average Cost of Capital is generally denoted by:
- a. K_e
 - b. K_0
 - c. k_d
 - d. K_p
- 11 Who is the founder of Net income approach
- a. David Duran
 - b. Modigliani
 - c. Miller
 - d. None of the above
- 12 Which of the following is not used in capital budgeting?
- a. Time Value of Money
 - b. Sensitivity Analysis
 - c. Net Assets Value Method
 - d. Cash Flows
- 13 Net working capital refers to:_____
- a. Total assets – fixed assets
 - b. Current assets – current liabilities
 - c. Current assets - inventories
 - d. None of the above
- 14 Full form of EBIT
- a. Earning between interest and tax
 - b. Equity before interest and tax
 - c. Earnings before interest and tax
 - d. Equity before investment and tax
- 15 Working capital is also known as:
- a. Operating capital
 - b. Nominal capital
 - c. Current asset capital
 - d. Capital relating to the main project
- 16 What are the aspects of working capital
- a. Cash management
 - b. Inventory management
 - c. Receivable management
 - d. All of the above

- 17 _____ refers to fund that the company uses it for day-to-day operation
- Working capital
 - Variable capital
 - Fixed capital
 - None of the above
- 18 What are the things that constitute inventory?
- Raw material
 - Work in progress
 - Finished goods
 - All of the above
- 19 Negative working capital means:
- Current liabilities exceed current assets
 - Current assets exceed the current liability
 - When current liability is equal to current asset
 - None of the above
- 20 The firm's Cost of Capital is the average cost of:
- All sources
 - All borrowings
 - Share capital
 - Share Bonds & Debentures

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(Descriptive)

Time: 2 hr. 40 mins.

Marks: 50

[Answer question no.1 & any four (4) from the rest]

- Elucidate the Scope of financial management.
 - Explain the goals and objective of financial management in light of profit maximization and wealth maximizing.

5+5=10
- What is capital budgeting? Explain the process of capital budgeting.

2+8=10
- Suppose a project requires an initial investment of Rs 3,50,000 and it is expected to generate a cash flow of Rs 1,25,000 in the first year, Rs 1,50,000 in the second year and Rs 1,70,000 in the third year. The targeted rate of return is 15%. Calculate the NPV of the project.

10

4. a) Explain the components of Cost of Capital 5+5=10
b) Write short notes on NPV & IRR
5. ABC Ltd issued 12% debenture of Rs 300000, face value of the debenture is Rs 100. Compute cost of capital both before and after tax if: 10
i) Issued at par and tax rate @20%
ii) Issued at @10% premium and tax rate @ 30%
Issued at @10% discount and tax rate @ 40%
6. a) Explain the term Capital Structure and its importance. 5+5=10
b) Elucidate the theory of Net income approach.
7. Ashok company Ltd. EBIT is Rs 500,000. The company has 10% 20,00,000 debentures. The equity capitalization rate is 16%. Calculate the: 10
a) market value of equity
b) value of the firm
c) the overall cost of capital.
8. a) Explain working capital management. 2+4+4=10
b) write short notes on
i) Gross working capital
ii) Net working capital
