

MASTER OF HOSPITAL ADMINISTRATION
FIRST SEMESTER
FINANCIAL MANAGEMENT
MHA – 106

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

- According to modern approach the financial management is concerned with:
 - Procurement of funds
 - Effective utilization of funds
 - Both (a) and (b)
 - None of these
- The finance function include :
 - Investment decisions
 - Financing decisions
 - Dividend decisions
 - All of the above
- What is capital budgeting related to?
 - Short-term assets
 - Long-term assets
 - Long-term as well as short term budget
 - Fixed assets
- According to Massie, Financial Management is the----- activity of a business :
 - Operational
 - Marketing
 - Human Resource Management
 - sales
- The ideal Current Ratio is :
 - 1:1
 - 1:2
 - 2:1
 - 2:2
- Who has propounded the concept of Ratio Analysis :
 - Sin Franklin
 - F.W. Taulor
 - Alexander Wall
 - John milton
- Operating Ratio is equal to :
 - $(\text{operating cost} \times 100) / \text{Gross sales}$
 - $(\text{operating cost} \times 100) / \text{Net sales}$
 - $(\text{operating cost} \times 100) / \text{cost of good sold}$
 - None of these
- The following is not a liquidity ratio :
 - Current Ratio
 - Acid Test Ratio
 - Debt-equity Ratio
 - Super Quick Ratio
- Capital budgeting is a part of :
 - Investment decision
 - Working Capital Management
 - Marketing Management
 - Capital Management

10. Capital budgeting deals with :
- | | |
|------------------------|-------------------------|
| a. Long-term decisions | b. Short-term decisions |
| c. Both (a) and (b) | d. Neither (a) nor (b) |
11. Which of the following is not used in capital budgeting :
- | | |
|------------------------|-----------------------|
| a. Time value of money | b. Sensitive Analysis |
| c. Net Assets Method | d. Cash Flows |
12. Capital Budgeting Decisions are :
- | | |
|----------------|---------------------|
| a. Reversible | b. Irreversible |
| c. Unimportant | d. All of the above |
13. Cost of capital is expressed in terms of :
- | | |
|-----------------|----------------------|
| a. Percentage | b. Fraction |
| c. Whole number | d. None of the above |
14. Cost of capital is a-----concept in financial management :
- | | |
|------------|----------------------|
| a. Central | b. Departmental |
| c. Dual | d. None of the above |
15. The cost in the process of raising funds through equity is known as:
- | | |
|--------------------|--------------------|
| a. Financial risk | b. Cost of debt |
| c. Floatation cost | d. Cost of capital |
16. Capital structure of a company is related with :
- | | |
|-------------------------|---|
| a. Shareholders' funds | b. Long-term debts, preference share capital and equity capital |
| c. Debentures and loans | d. None of the above |
17. Current assets include :
- | | |
|-----------|---------------------|
| a. Cash | b. Stock |
| c. Debtos | d. All of the above |
18. Working capital is known as----- capital :
- | | |
|------------------|------------------------|
| a. Current asset | b. Operating |
| c. Projecting | d. Operational capital |
19. Investment in current assets should be ----- :
- | | |
|------------------|------------|
| a. Just adequate | b. More |
| c. Less | d. Maximum |
20. Operating cycle is also called as----- ;
- | | |
|------------------------|--------------------------|
| a. Working cycle | b. Business cycle |
| c. Current asset cycle | d. Working capital cycle |

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

1. a) Give a suitable definition of Financial Management. 2+8=10
b) Explain the importance of Financial Management on the context of modern day business.
2. a) What are the objectives of Financial Management? 4+6=10
b) What do you mean by Finance Function? Explain.
3. a) What do you mean by Ratio Analysis? Explain. 5+5=10
b) Discuss the importance of Ratio Analysis.
4. Compute the current, quick and absolute liquidity ratio from the following excerpts from a firm's balance sheet. 10

Current Liabilities	Amount(RS)	Current Assets	Amount(RS)
Long term debt(current)	5,30,000	Cash & Bank balance	13,80,000
Notes Payable	7,70,000	Marketable Securities	17,40,000
Accounts payable	82,50,000	Stock-in-trade	1,59,30,000
Dividend payable	7,00,000	Trade Debtor(less Reserve)	3,50,000
Accrued Taxes	8,50,000	Bill Receivable(net)	1,18,40,000
Bank Overdraft	2,10,000	Prepaid expenses	15,60,000
Total	1,13,10,000		3,28,00,000

5. Calculate the trend percentage from the following data taking 2006 as the base year. 10

Year	2006	2007	2008	2009	2010
Sales (rs)	2,00,000	1,80,000	1,60,000	1,40,000	1,20,000
Debtors(rs)	20,000	40,000	60,000	80,000	1,00,000

6. a) What is capital budgeting? 4+6=10
b) What steps are involved in capital budgeting process?
7. a) Discuss the concept of cost of capital. 5+5=10
b) What is the significance of the concept?
8. a) What is working capital? Explain the concept. 4+6=10
b) What are the factors that determine the working capital?

== *** ==