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**EXECUTIVE MBA  
(EXMBA)**

**Term-End Examination  
December, 2012**

**MCT-059 : FINANCIAL MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

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*Note : Attempt any five questions. All questions carry equal marks.*

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1. What are the differences between shareholder wealth maximization and profit maximization? If a firm chooses to pursue the objective of shareholder wealth maximization, does this preclude the use of profit maximization decision-making rules ? Explain.
2. Distinguish between an annuity and perpetuity. What effect would a change in the interest rates in the holding period of a deposit have on the future amount available?
3. "The cost of capital is a function of management preferences." Critically examine this statement.

4. Describe the advantages and disadvantages of non-discounted and discounted capital budgeting methods.
  5. A company should determine its attitude to the collection of delinquent accounts by applying marginal analysis" Discuss.
  6. Define the degree of combined leverage (DCL) and explain how DCL depends on operating and financial leverage.
  7. How are the objectives of cash management and inventory management similar ?
  8. What is clientele effect? Is the clientele effect inconsistent with the abstract concept of the irrelevance of a dividend policy ?
  9. Describe the Capital Assist Pricing Model (CAPM) and explain how it may assist in the determination of a discount rate used in the appraisal of capital project.
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