MMPC-014

Master of Business Administration/MBA(B&F)/

(MBAHM)/(MBAFM)/(MBAMM)/

(MBAOM)

ASSIGNMENT
For
January 2023 and July 2023 Sessions

MMPC-014: Financial Management

(Last date of submission for January 2023 session is 30th April, 2023 and for July 2023 sessions is 31st October, 2023)

School of Management Studies
INDIRA GANDHI NATIONAL OPEN UNIVERSITY
MAIDAN GARHI, NEW DELHI – 110 068

ASSIGNMENT

Course Code	**:**	**MMPC-014**
Course Title	**:**	**Financial Management**
Assignment Code	**:**	**MMPC-014/TMA/JAN/2023**
Coverage	**:**	**All Blocks**

Note: Attempt all the questions and submit this assignment to the Coordinator of your study centre. Last date of submission for January 2023 session is 30th April, 2023 and for July 2023 session is 31st October, 2023.

1. Discuss the concepts of 'Profit maximisation' and 'Wealth maximisation' and analyse which concept is superior to be an objective of a Firm.

2. Meet the Finance Manager of a company/firm of your choice and discuss with him the different sources of Working capital available to the firm. Also discuss which source is better for his firm and why? Write a note on your meeting.

3. Explain the relevance Theories of Dividend and comment which theory is more suited to the Indian Business Environment.

4. Good garden Company has currently an ordinary share capital of Rs 25 lakh, consisting of 25,000 shares of Rs 100 each. The management is planning to raise another Rs 20 lakhs to finance a major programme of expansion through one of four possible financing plans. The options are as under :

(a) Entirely through ordinary shares.

(b) Rs. 10 lakh through ordinary shares, and Rs. 10 lakh through long-term borrowings at 15% interest per annum.

(c) Rs. 5 lakh through ordinary shares, and Rs. 15 lakh through long-term borrowings at 16% interest per annum.

(d) Rs. 10 lakh through ordinary shares, and Rs. 10 lakhs through preference shares with 14% dividend.

The company's expected EBIT will be Rs. 8 lakh. Assuming a corporate tax rate of 50%, determine the EPS in each alternative, and comment on the implications of financial leverage

5. Arun Engineering Co. is considering two investments. Each requires an initial investment of Rs 1,80,000. The cost of capital is 8%. The total cash inflow after tax and depreciation for each project is as follows:

Year	Project A (Rs.)	Project B (Rs.)
1	30,000	60,000
2	50,000	1,00,000
3	60,000	65,000
4	65,000	45,000
5	40,000	--
6	30,000	--
7	16,000	--

Calculate the Payback Period, Profitability Index and Net Present Value of both the projects.