

EXECUTIVE MBA  
(EXMBA)

Term-End Examination  
June, 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. How can a finance manager influence the magnitude, timing, and risk of the cash flows expected to be generated by the firm in order to maximize the shareholders wealth ?
2. Why does money have time value ? How is the concept of *present value* related to the time value of money ?
3. What is the interrelationship between the growth/share matrix and the economic concept of opportunity costs ? Does this relationship have any operational implications or is it merely a theoretical concept ?

4. Why is no single working capital investment and financing policy necessarily optimal for all firms ? What additional factors need to be considered in establishing a working capital policy ?
  
5. Why is capital budgeting decision such an important process ? Why are capital budgeting errors so costly ?
  
6. Why do we calculate a firm's cost of capital ? What are the uses and limitations of cost of capital to the financial manager ?
  
7. What do Modigliani - Miller say about the effect of dividends on stock price ?
  
8. In the transaction cash balance model, contrast the average cash balance and the return point.
  
9. What is the separation principle ? Why has this principle been important in capital budgeting ? What are the main exceptions to this principle ?