

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**MSc DEGREE EXAMINATION MAY 2024  
(Second Semester)**

Branch - **HOSPITAL ADMINISTRATION**

**MAJOR ELECTIVE COURSE – I : FINANCIAL MANAGEMENT**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks

(10 × 1 = 10)

| Module No. | Question No. | Question                                                                                                                                                                                                   | K Level | CO  |
|------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----|
| 1          | 1            | Who is responsible to carry out the finance function?<br>a) Treasurer                      b) Controller<br>c) Financial manager              d) Investor                                                  | K1      | CO1 |
|            | 2            | Which of these is the regulatory body for the capital market in India?<br>a) NABARD                      b) SEBI<br>c) IRDI                              d) RBI                                            | K2      | CO1 |
| 2          | 3            | Current assets – Current liabilities = _____.<br>a) Fixed Capital                  b) Working Capital<br>c) Fixed deposit                  d) Company profit                                               | K1      | CO2 |
|            | 4            | Permanent Working capital is also termed as<br>a) Variable Working capital<br>b) Seasonal Working capital<br>c) Core working capital<br>d) Fluctuating working capital                                     | K2      | CO2 |
| 3          | 5            | Which of the following sources of funds has an Implicit Cost of Capital?<br>a) Equity Share Capital<br>b) Preference Share Capital<br>c) Debentures<br>d) Retained earnings                                | K1      | CO3 |
|            | 6            | Which of the following has an highest cost of capital?<br>a) Equity shares                  b) Loans<br>c) Bonds                              d) Preference share                                          | K2      | CO3 |
| 4          | 7            | The policy concerning quantum of profits to be distributed as dividend is<br>a) Dividend policy              b) Financial policy<br>c) Investment policy              d) Monetary policy                   | K1      | CO4 |
|            | 8            | Which is the most expensive source of funds?<br>a) New equity shares              b) New Debts<br>c) New Preference share          d) ROI                                                                  | K2      | CO4 |
| 5          | 9            | The discount rule which makes NPV equal to zero is called as<br>a) Net Present Value<br>b) Pay back method<br>c) Average rate of return<br>d) Internal rate of return                                      | K1      | CO5 |
|            | 10           | The management technique of planning capital expenditure of the company is called as<br>a) Capital budgeting              b) Cash budgeting<br>c) Sales budgeting                  d) Production budgeting | K2      | CO5 |

Cont...

**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks (5 × 7 = 35)

| Module No. | Question No. | Question                                                                 | K Level | CO  |
|------------|--------------|--------------------------------------------------------------------------|---------|-----|
| 1          | 11.a.        | Explain the goals of Financial management.                               | K4      | CO1 |
|            | (OR)         |                                                                          |         |     |
|            | 11.b.        | Discuss the role of SEBI.                                                |         |     |
| 2          | 12.a.        | What is cash management? Point out its objectives.                       | K3      | CO2 |
|            | (OR)         |                                                                          |         |     |
|            | 12.b.        | Point out the Internal and External Sources of Variable working capital. |         |     |
| 3          | 13.a.        | Bring out the importance of Cost of Capital                              | K4      | CO3 |
|            | (OR)         |                                                                          |         |     |
|            | 13.b.        | Describe the traditional approach to capital structure.                  |         |     |
| 4          | 14.a.        | Elaborate the uses of venture capital.                                   | K5      | CO4 |
|            | (OR)         |                                                                          |         |     |
|            | 14.b.        | Critically examine the significance of trading on equity.                |         |     |
| 5          | 15.a.        | State the features of capital budgeting.                                 | K3      | CO5 |
|            | (OR)         |                                                                          |         |     |
|            | 15.b.        | Explain the reasons for time preference money.                           |         |     |

**SECTION - C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

| Module No. | Question No. | Question                                                                 | K Level | CO  |
|------------|--------------|--------------------------------------------------------------------------|---------|-----|
| 1          | 16           | Write a brief note on OTCEI.                                             | K4      | CO1 |
| 2          | 17           | Identify the motives for holding cash in the business.                   | K4      | CO2 |
| 3          | 18           | Discuss the different methods of calculating the cost of equity capital. | K6      | CO3 |
| 4          | 19           | Discuss in detail note on determination of dividend policy.              | K6      | CO4 |
| 5          | 20           | Formulate the methods of capital budgeting.                              | K6      | CO5 |