

VINAYAKA MISSIONS SIKKIM UNIVERSITY

(Estd. by Sikkim Legislative Act vide VMSU Act No.11 of 2008)

DIRECTORATE OF DISTANCE EDUCATION

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Programme: MBA

Session: 2015-16

Full Marks: 10

Course/Subject Name: Financial Management & Management Accounting **Course/Subject Code:** CM 4202

Assignment No. 1

Last Date of Submission: 31st March 2016

NOTE : All Sections in the Assignments are compulsory to be attempted as per Instructions.

Section -A

Choose the correct option

0.5x10 = 5

1. "Shareholder wealth" in a firm is represented by:
 - a. the number of people employed in the firm.
 - b. the book value of the firm's assets less the book value of its liabilities.
 - c. the amount of salary paid to its employees.
 - d. the market price per share of the firm's common stock.
2. The long-run objective of financial management is to:
 - a. maximize earnings per share.
 - b. maximize the value of the firm's common stock.
 - c. maximize return on investment.
 - d. maximize market share.
3. A(n) _____ would be an example of a *principal*, while a(n) _____ would be an example of an *agent*.
 - a. shareholder; manager
 - b. manager; owner
 - c. accountant; bondholder
 - d. shareholder; bondholder
4. The focal point of financial management in a firm is:
 - a. the number and types of products or services provided by the firm.
 - b. the minimization of the amount of taxes paid by the firm.
 - c. the creation of value for shareholders.
 - d. the dollars profits earned by the firm.
5. According to the accounting profession, which of the following would be considered a cash-flow item from an "investing" activity?
 - a. cash inflow from interest income.
 - b. cash inflow from dividend income.
 - c. cash outflow to acquire fixed assets.
 - d. all of the above.
6. An examination of the sources and uses of funds statement is part of:
 - a. a forecasting technique.
 - b. a funds flow analysis.
 - c. a ratio analysis.
 - d. Calculations for preparing the balance sheet.

7. Which of the following is not a cash outflow for the firm?
 - a. Depreciation.
 - b. Dividends.
 - c. Interest payments.
 - d. Taxes.

8. Earnings are the result of the difference between:
 - a. $\text{Assets} + \text{Liabilities} = \text{Shareholders' Equity}$
 - b. $\text{Assets} = \text{Liabilities} = \text{Shareholders' Equity}$
 - c. $\text{Assets} = \text{Liabilities} - \text{Shareholders' Equity}$
 - d. $\text{Assets} = \text{Liabilities} + \text{Shareholders' Equity}$

9. What is the ratio between current assets and current liabilities called?
 - a. Return on assets
 - b. Return on investment
 - c. Current ratio
 - d. Cash ratio

10. Retained earnings are equivalent to available cash.
 - a. True
 - b. False

Section -B

Answer any Five questions from the following within 50 words

[1x5=5]

1. The formula used to calculate current ratio is
2. An example of fixed asset is
3. The assets held by a business which can be converted in the form of cash, without disturbing the normal operations of a business.
4. The return which the company pays on borrowed funds is termed as
5. For a healthy business the current ratio lies between
6. The purpose of financial markets is to:
7. The only feasible purpose of financial management is