

**B.E. PRODUCTION ENGINEERING THIRD YEAR SECOND SEMESTER
SUPPLEMENTARY EXAM – 2023**

Subject: PRODUCTION ECONOMICS & FINANCIAL MANAGEMENT

Time: Three Hours

Full Marks: 100

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Answer any Five Questions
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1. (a) Elaborate the major decision functions of financial management.
(b) What are the various types of equity and borrowed funds that a firm can raise? Elaborate.

(10 + 10)
2. (a) Compare profit maximization vs. share holders' wealth maximization as the financial goal of firm
(b) What are the major roles of a financial manager of a firm?
(c) Compare the various business forms briefly.

(5 + 5 + 10)
3. (a) Differentiate the functions of Primary Market and Secondary Market explicitly.
(b) What is capital market efficiency? What are the forms of Capital Market Efficiency? Explain briefly.

(10 + 10)
4. (a) What is sinking fund? Derive the sinking fund factor (SFF).
(b) MB Limited is planning to create a sinking fund to redeem its preference capital of Rs. 500,000/- issued on 6 April 2004 and maturing on 5 April 2015. The first annual payment will be made on 6 April 2004. The company will make equal annual payments and expects that the fund will earn 12 per cent per year. How much will be the amount of sinking fund payment?

(10 + 10)
5. (a) What is capital recovery? Derive the present value annuity factor (PVFA) and the capital recovery factor (CRF).
(b) Suppose a firm borrows Rs. 1,000,000 at an interest rate of 15 percent and the loan is to be repaid in 5 equal instalments payable at the end of each of the next 5 years. Prepare the loan amortisation schedule. (PVFA $n=5, i=15\% = 3.3522$).

(10 + 10)
6. (a) What is a "Balance Sheet"? How the balance sheet differs from "Profit and Loss" account?
(b) What are the types of Ratios? Explain.
(c) What is "Ratio Analysis" for financial analysis? Highlight the utility of ratio analysis

(5 + 8 + 7)
7. Write the short notes on the following (Any Five):
(a) Agency problem (b) Net Present Value (c) Risk-Return Trade-off (d) Book Building (e) IRR (f) Cash flow statement (g) Financial Markets.

(5 × 4)

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