

Financial Management

Sample paper 1

Time: 3 hours

Maxi Mark 100

General Instructions

1. Answers to questions carrying 1 mark may be from one word to one sentence.
2. Answers to questions carrying 3 marks may be from 50-75 words.
3. Answers to questions carrying 4-5 marks may be about 150 words.
4. Answers to questions carrying 6 marks may be about 200 words.
5. Attempt all parts of a question together.

1. What is business finance? 1
2. What is financial management? 1
3. What are the three decisions of finance function? 1
4. What is another name of short term investment decisions? 1
5. What is floatation cost? 1
6. What do you mean by financial leverage? 1
7. When is said to be capital structure optimum? 1
8. What are fixed assets? 1
9. How is working capital calculated? 1
10. What is the capital structure of a company? 1
11. "Sound financial management is the key to the prosperity of the business." Explain. 3
12. Explain in brief any three decisions involved in the financial management. 3
13. State the objectives of the financial management? 3
14. Explain the importance of financial planning? 3
15. "Share capital is better than debt capital" In the favor of this statement explain one factor which affects the capital structure. 3
16. Explain briefly any four points of the role of financial management. 4
17. Explain any four factors affecting the dividend policy of the company. 4
18. To avoid the problem of shortage and surplus of funds what is required in the financial management? Name the concept and explain its any three points of importance. 4
19. How does cost of equity affect the capital structure of the company? Explain with example. 4
20. Name the process which helps in determining the objectives, policies, procedures, programmes and budgets to deal with the financial activities of an enterprise. Explain its three points of importance. 4
21. Explain briefly the factors affecting investment decisions. 5
22. Explain in brief any five factors that should be taken into consideration while determining the long term dividend policy. 5
23. Explain the factors affecting the capital budgeting decisions. 5
24. Explain the term "Trading on equity." Why, When and How it can be used by a business organization? 5
25. Explain the role of financial planning. 5
26. Explain briefly the factors determining the working capital of an organization? 6
27. Every manager has to take three major decisions while performing the finance function. Explain them. 6
28. Are the shareholders of a company likely to gain with the debt component in the capital employed? Explain with the help of an example. 6
29. Describe the factors that determine the capital structure of a company. 6
30. What is meant by financial management? Explain its role. 6

Financial Management

Sample paper 2

Time: 3 hours

Maxi Mark 100

General Instructions

1. Answers to questions carrying 1 mark may be from one word to one sentence.
2. Answers to questions carrying 3 marks may be from 50-75 words.
3. Answers to questions carrying 4-5 marks may be about 150 words.
4. Answers to questions carrying 6 marks may be about 200 words.
5. Attempt all parts of a question together.

1. A company wants to establish a new unit in which a machinery of worth Rs. 100000 is involve. Identify the decision involved in financial management? 1
2. What is meant by capital structure? 1
3. Clarify EBIT-EPS analysis? 1
4. Which is the most costly capital of a company? 1
5. Name the concept which increases the return on equity shares with a charge in the capital structure of a company. 1
6. What is meant by capital budgeting decisions? 1
7. Identify the decision taken in financial management which affects the liquidity as well as profitability of a business. 1
8. What are the main sources of the funds? 1
9. What is a dividend decision? 1
10. What are the factors affecting the dividend decisions? 1
11. What is financial risk? Why does it arise? 3
12. Explain the "Earnings before interest and taxes- EBIT." 3
13. What do you mean by business finance? 3
14. How capital budgeting decisions are taken? 3
15. What do you mean by financial planning? 3
16. Discuss the role of floatation cost on capital structure. 4
17. What is meant by financial management? Explain any three decisions involved in the financial management. 4
18. How the control of existing shareholders affects? How this situation can be avoided? 4
19. Explain the concept of wealth maximization as an objective of financial management. 4
20. What is required to tackle the uncertainty in respect of availability and timings of funds? Name the concept involved and explain any three points of its importance. 4
21. Explain the five factors affecting financing decisions. 5
22. Explain the factors affecting the capital budgeting decisions. 5
23. What do you mean by the term "Trading on equity?" How it can be used by an organization? 5
24. Explain briefly the factors determining the working capital of an organization? 5
25. Explain the role of financial planning. 5
26. Explain briefly the factors affecting the fixed capital of an organization? 6
27. Explain any six factors affecting the dividend decisions of a company. 6
28. "Wealth maximization is an important objective of financial management." Explain briefly. 6
29. Explain the role of financial planning in financial management? 6
30. Describe the factors that determine the capital structure of a company. 6

Financial Management

Sample paper 3

Time: 3 hours

Maxi Mark 100

General Instructions

1. Answers to questions carrying 1 mark may be from one word to one sentence.
2. Answers to questions carrying 3 marks may be from 50-75 words.
3. Answers to questions carrying 4-5 marks may be about 150 words.
4. Answers to questions carrying 6 marks may be about 200 words.
5. Attempt all parts of a question together.

1	Give the name of two types of funds.	1
2	What is the formula for calculating interest coverage ratio?	1
3	What are the objectives of the financial management?	1
4	What is another name of the long term investment decisions?	1
5	Why capital structure decision is important?	1
6	What is the cheapest source of finance?	1
7	What are financial risks?	1
8	What is the effect of higher use of debt in the business?	1
9	What does debt service coverage ratio indicate?	1
10	Give two components of borrowed funds?	1
11	What is meant by capital structure? Explain.	3
12	How stock exchange market conditions affect the capital structure of the company?	3
13	How capital structure of other company affects the capital structure decisions?	3
14	What do you understand by the working capital?	3
15	What is the importance of the financial planning?	3
16	How regulatory framework does affect the capital structure of the company?	4
17	Explain briefly the importance and scope of capital budgeting?	4
18	Explain briefly the factors affecting the investments decisions?	4
19	How working capital does affect the liquidity and profitability of a business?	4
20	"Financial planning does not serve any useful purpose." Comment.	4
21	Explain the factors affect the amount of fixed capital.	5
22	Explain the factors that determine the capital structure of a company.	5
23	Explain by giving any four reasons, why capital budgeting decisions are important?	5
24	Explain briefly the factors determining the working capital of an organization?	5
25	How does trading on equity increase the return on equity shares? Explain with an example.	5
26	Explain the factors affecting the financing decisions.	6
27	Explain objectives of financial management?	6
28	Explain the role of financial planning.	6
29	Write a short note on finance function.	6
30	What is meant by financial management? Explain its role.	6

QUESTION BANK

FINANCIAL MANAGEMENT

ONE MARK QUESTIONS

1. What is business finance?
2. What is financial management?
3. What are the three decisions of finance function?
4. What is another name of short term investment decisions?
5. What is floatation cost?
6. What do you mean by financial leverage?
7. When is said to be capital structure optimum?
8. What are fixed assets?
9. How is working capital calculated?
10. What is the capital structure of a company?
11. A company wants to establish a new unit in which a machinery of worth Rs. 1000000 is involve. Identify the decision involved in financial management?
12. What is meant by capital structure?
13. Clarify EBIT-EPS analysis?
14. Which is the most costly capital of a company?
15. Name the concept which increases the return on equity shares with a change in the capital structure of a company.
16. What is meant by capital budgeting decisions?
17. Identify the decision taken in financial management which affects the liquidity as well as profitability of a business.
18. What are the main sources of the funds?
19. What is a dividend decision?
20. What are the factors affecting the dividend decisions?
21. Give the name two types of funds.
22. What is the formula for calculating interest coverage ratio?
23. What are the objectives of the financial management?
24. What is another name of the long term investment decisions?
25. Why capital structure decision is important?
26. What is the cheapest source of finance?
27. What are financial risks?
28. What is the effect of higher use of debt in the business?
29. What does debt service coverage ratio indicate?
30. Give two components of borrowed funds?

THREE AND FOUR MARKS QUESTIONS

1. "Sound financial management is the key to the prosperity of the business." Explain.
2. Explain in brief any three decisions involved in the financial management.
3. State the objectives of the financial management?
4. Explain the importance of financial planning?
5. "Share capital is better than debt capital" In the favor of this statement explain one factor which affects the capital structure.
6. Explain briefly any four points of the role of financial management.
7. Explain any four factors affecting the dividend policy of the company.
8. To avoid the problem of shortage and surplus of funds what is required in the financial management? Name the concept and explain its any three points of importance.
9. How does cost of equity affect the capital structure of the company? Explain with example.
10. Name the process which helps in determining the objectives, policies, procedures, programmes and budgets to deal with the financial activities of an enterprise. Explain its three points of importance.
11. What is financial risk? Why does it arise?
12. Explain the "Earnings before interest and taxes- EBIT."
13. What do you mean by business finance?
14. How capital budgeting decisions are taken?
15. What do you mean by financial planning?
16. Discuss the role of floatation cost on capital structure.
17. What is meant by financial management? Explain any three decisions involved in the financial management.
18. How the control of existing shareholders affects? How this situation can be avoided?
19. Explain the concept of wealth maximization as an objective of financial management.
20. What is required to tackle the uncertainty in respect of availability and timings of funds? Name the concept involved and explain any three points of its importance.
21. What is meant by capital structure? Explain.
22. How stock exchange market conditions affect the capital structure of the company?
23. How capital structure of other company affects the capital structure decisions?
24. What do you understand by the working capital?
25. What is the importance of the financial planning?
26. How regulatory framework does affect the capital structure of the company?
27. Explain briefly the importance and scope of capital budgeting?
28. Explain briefly the factors affecting the investments decisions?
29. How working capital does affect the liquidity and profitability of a business?
30. "Financial planning does not serve any useful purpose." Comment.

FIVE AND SIX MARKS QUESTIONS

- 1 Explain the factors affect the amount of fixed capital.
- 2 Explain the factors that determine the capital structure of a company.
- 3 Explain by giving any four reasons, why capital budgeting decisions are important?
- 4 Explain briefly the factors determining the working capital of an organization?
- 5 How does trading on equity increase the return on equity shares? Explain with an example.
- 6 Explain the factors affecting the financing decisions.
- 7 Explain objectives of financial management?
- 8 Explain the role of financial planning.
- 9 Write a short note on finance function.
- 10 What is meant by financial management? Explain its role.
- 11 Explain the five factors affecting financing decisions.
- 12 Explain the factors affecting the capital budgeting decisions.
- 13 What do you mean by the term "Trading on equity?" How it can be used by an organization?
- 14 Explain briefly the factors determining the working capital of an organization?
- 15 Explain the role of financial planning.
- 16 Explain briefly the factors affecting the fixed capital of an organization?
- 17 Explain any six factors affecting the dividend decisions of a company.
- 18 "Wealth maximization is an important objective of financial management." Explain briefly.
- 19 Explain the role of financial planning in financial management?
- 20 How should the capital structure of a company formed?
- 21 Explain the factors affect the amount of fixed capital.
- 22 Explain the factors that determine the capital structure of a company.
- 23 Explain by giving any four reasons, why capital budgeting decisions are important?
- 24 Explain briefly the factors determining the working capital of an organization?
- 25 How does trading on equity increase the return on equity shares? Explain with an example.
- 26 Explain the factors affecting the financing decisions.
- 27 Explain objectives of financial management?
- 28 Explain the role of financial planning.
- 29 Write a short note on finance function.
- 30 What is meant by financial management? Explain its role.