



# MEASI INSTITUTE OF MANAGEMENT CHENNAI-14

Approved by All India Council for Technical Education and  
Affiliated to the University of Madras, ISO 9001:2015 Certified Institute

## FINANCIAL MANAGEMENT QUESTION BANK

1. Explain fully the concept of finance.
2. Bring out the importance of finance.
3. It is often said that financial activities hinge on the money management. Do you agree with this point of view?
4. “Financial accounting is essentially of a stewardship nature” - Comment.
5. What is business finance? Explain its significance.
6. . How can you classify finance? How is finance related to other disciplines?
7. What is finance function?
8. State the objectives of finance function.
9. Explain the significance of finance function.
10. Analyse the various approaches to finance function.
11. Explain the nature and scope of financial management.
12. Describe the evolution of financial management.
13. Explain the objectives or goals of financial management.
14. The wealth maximization objective provides an operationally appropriate decision criterion” – Analyse the statement. In what respect is the objective of wealth maximization superior to the profit maximization objective?
15. Discuss the sources of finance.
16. Explain the nature and features of capital budgeting.
17. How do you calculate the accounting rate of return? What are its limitations?
18. Under what circumstances do the net present value and internal rate of return methods differ? Which method would you prefer and why?
19. What are the mutually exclusive projects? Explain the conditions when conflicting ranking would be given by the internal rate of return and net present value methods to such projects.
20. What is profitability index? Which is a superior ranking criterion, profitability index or the net present value?
21. Under what conditions would the internal rate of return be a reciprocal of the payback period?
22. Explain the investment criteria.
23. Discuss the various methods of appraisal of investment proposals.
24. Differential between NPV and IRR method

**MRS.D.CHARUMATHI,MBA, MFC. PGDCM & IA**  
**ASSISTANT PROFESSOR**  
**MEASI INSTITUTE OF MANAGEMENT**  
**CHENNAI**



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25. Write short note on a) Time adjusted rate of return b) Profitability index
26. Do the NPV and Profitability index always lead to the same investment decision?
27. Discuss the techniques of various investment appraisal methods in capital budgeting.
28. Mention the features required by investment evaluation criteria.
29. What are the various kinds of capital budgeting decisions?
30. Explain the steps involved in capital budgeting process?
31. Describe the Factors Influencing Investment Decisions.
32. Discuss risk return trade off.
33. Write a note on capital rationing.
34. What is risk? Differentiate it from uncertainty.
35. What is risk analysis in capital budgeting?
36. What is cost of capital?
37. How is cost of capital determined?
38. How do you calculate cost of debt?
39. What are the various concepts of cost of capital? Why should they be distinguished in financial management?
40. How is the cost of debt computed? How does it differ from the cost of preference capital?
41. 'The equity capital is cost free.' Do you agree? Give reasons.
42. 'Debt is the cheapest source of funds.' Explain.
43. What is weighted average cost of capital?
44. How is the weighted average cost of capital calculated?
45. Examine the importance of cost of capital.
46. What are the problems involved in determination of cost of capital?
47. How will you calculate cost of preference share capital?
48. How will calculate cost of retained earnings?
49. Explain different types of leverages.
50. Differentiate operating leverage and financial leverage.
51. To study the relationship between capital structure and company value, what are the assumptions normally made?
52. What is the relationship between leverage and cost of capital as per the net income approach?
53. Discuss the relationship between leverage and cost of capital as per the net operating income approach.
54. What are the important propositions of the traditional approach?
55. Define and discuss Modigliani – Miller proposition I and proposition II
56. Comment on capital structure policies in practice
57. Explain the factors determining dividend decisions.

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58. Explain the different type of Dividend?
59. What are the types of dividend decisions? Explain theories of dividend.
60. What are current assets and current liabilities? Explain with suitable examples.
61. Discuss the different concepts of working capital.
62. Discuss the significance of working capital management in business enterprises.
63. Distinguish between fixed and fluctuating working capital. What is the significance of such distinction in financing working capital of an enterprise?
64. Which concept of working capital is more suitable to creditors for analysis to provide working capital finance and why?
65. What are the factors, which determines the working capital requirements? What are the problems faced by a firm due to inadequate working capital?
66. During inflation pressure how can a finance managers control the needs of increasing working capital.
67. Current assets are financed by both long - term and short – term funds while fixed assets are long - term funds only. Explain.
68. What is meant by negative working capital? Also explain situations in which it arises?
69. Explain the Tandan Committee and Chore Committee Findings and Suggestions on working capital management.
70. Explain the Marathe Committee and Deheja Committee Findings and Suggestions on working capital management.
71. Explain the factors determining cash requirement?
72. Discuss the motives of holding cash
73. Discuss how cash management is controlled?
74. Explain in detail receivables management.
75. Discuss the factors influencing inventory management?
76. What is inventory? Explain its types
77. Explain different techniques of inventory management.