FINANCIAL MANAGEMENT (434C2E) – QUESTION BANK

SECTION A – QUESTIONS

1. Define Financial Management.

2. What is Profit Maximization?

3. What is Wealth Maximization?

4. State any two objectives of Financial Management.

5. Who is a Finance Manager?

6. What is short-term finance?

7. Give any two examples of long-term sources of finance.

8. What is Private Equity?

9. Define Venture Capital.

10. What is Financial Planning?

11. Define Capital Market.

12. What is Money Market?

13. What is Financial Information System (FIS)?

14. Define Behavioural Finance.

15. What is International Financial Management?

16. Define Capital Budgeting.

17. What is Payback Period?

18. Define Accounting Rate of Return (ARR).

19. What is Net Present Value (NPV)?

20. Define Internal Rate of Return (IRR).

21. What is Profitability Index?

22. What is Discounted Cash Flow (DCF)?

23. Define Hurdle Rate.

24. What is Risk Analysis in capital budgeting?

25. Define Financial Modelling.

26. What is Cryptocurrency?

27. What is Digital Currency?

28. What is Fintech?

29. Define Cost of Capital.

30. What is Cost of Equity?

31. Define Cost of Debt.

32. What is Cost of Retained Earnings?

33. What is WACC?

34. Define Operating Leverage.

35. What is Financial Leverage?

36. Define Combined Leverage.

37. What is EBIT?

38. What is EPS?

39. Mention two components of capital structure.

40. Define Capital Structure.

41. What is Optimal Capital Structure?

42. What is Net Income Approach?

43. Define NOI Approach.

44. What is MM Approach?

45. What is Traditional Approach?

46. Define Dividend Policy.

47. Name any two types of dividends.

48. What are the sources of dividend?

49. Define Retained Earnings.

50. Define Working Capital.

51. What is Gross Working Capital?

52. Define Net Working Capital.

53. What is Working Capital Policy?

54. Mention any two factors affecting working capital.

55. What is Cash Management?

56. Define Receivables Management.

57. What is Inventory Management?

58. What is Financial Analytics?

59. State any two sources of working capital.

SECTION B – QUESTIONS

1. Explain the scope of Financial Management.

2. Distinguish between Profit Maximization and Wealth Maximization.

3. Write a note on the role of Finance Manager.

4. Explain any five short-term sources of finance.

5. Explain the features of debentures and preference shares.

6. Write a short note on Hire Purchase and Leasing.

7. Explain Venture Capital and Private Equity.

8. Discuss the functions of Capital Market.

9. Explain the structure and role of the Money Market.

10. Write a note on Financial Information Systems.

11. Explain the steps in the Capital Budgeting process.

12. Compare Payback Period and ARR methods.

13. Explain the meaning and significance of NPV.

14. Write a note on Profitability Index.

15. Explain IRR and its limitations.

16. Write short notes on Digital Currency and Cryptocurrency.

17. Explain the concept of Hurdle Rate with an example.

18. Explain Risk Analysis in capital budgeting.

19. What is Fintech? Describe its applications in finance.

20. Explain the importance of Time Value of Money in investment decisions.

21. Short note on Cost of Equity.

22. Explain the concept of Cost of Debt.

23. Differences between Operating and Financial leverage.

24. Write a note on Weighted Average Cost of Capital.

25. Explain EBIT–EPS Analysis.

26. Write a note on Cost of Preference Capital.

27. Explain the significance of leverage in financial decisions.

28. Explain the factors affecting cost of capital.

29. Write a note on Cost of Retained Earnings.

30. Discuss the applications of leverage.

31. Explain the factors influencing capital structure.

32. Write a short note on Net Income and NOI approach.

33. Explain the MM theory of capital structure.

34. Explain the Traditional theory of capital structure.

35. Write a note on dividend policy and its relevance.

36. Explain the determinants of dividend policy.

37. Write short notes on:

    1. Stock Dividend

    2. Cash Dividend

38. Explain Stable Dividend Policy.

39. Write a note on sources of dividend.

40. Discuss the types of dividend policies.

41. Explain the objectives of Working Capital Management.

42. List the factors determining working capital requirements.

43. Explain different types of working capital policies.

44. Write a note on Cash Management.

45. Explain Receivables Management.

46. Explain Inventory Management techniques.

47. Write a note on Working Capital Financing.

48. Explain the recommendations of any one Working Capital Committee report (Tandon / Chore).

49. Explain the role of Financial Analytics in modern working capital decisions.

50. Write a note on forecasting working capital needs.

SECTION C –QUESTIONS

1. Discuss the objectives, scope, and functions of Financial Management.

2. Explain the role of the finance manager in modern business organizations.

3. Describe the various sources of finance – short-term and long-term.

4. Evaluate the importance of Financial Planning in an organization.

5. Explain Behavioural Finance. How does psychology influence financial decisions?

6. Discuss International Financial Management and its relevance in global operations.

7. Discuss the various capital budgeting techniques with advantages and disadvantages.

8. Evaluate NPV and IRR as modern investment appraisal techniques.

9. Discuss Risk Analysis in capital budgeting. Explain the techniques used.

10. Explain Fintech, Cryptocurrencies, and Digital Currencies with examples.

11. Solve typcal numerical problems on:

   1. Payback

   2. ARR

   3. NPV

   4. PI

   5. IRR

12. Explain in detail the computation of Cost of Capital (Equity, Debt, Preference, Retained Earnings).

13. Discuss the significance of WACC and its use in financial decision-making.

14. Explain Operating, Financial, and Combined leverage with numerical problems.

15. Discuss EBIT–EPS analysis and its role in capital structure decisions.

16. Practical problems on:

   1. Cost of Capital

   2. WACC

   3. Leverages

17. Discuss the theories of capital structure in detail – NI, NOI, MM, and Traditional Approach.

18. Explain the determinants and significance of dividend policy.

19. Describe the factors influencing capital structure decisions.

20. Explain Optimal Capital Structure and methods of designing it.

21. Solve problems on capital structure theories.

22. Discuss the significance, objectives, and determinants of working capital.

23. Explain cash, receivables, and inventory management in detail.

24. Describe working capital financing sources and committee recommendations.

25. Explain the techniques of forecasting working capital requirements with problems.

26. Discuss the role of Financial Analytics in working capital management.