INDIAN INSTITUTE OF MANAGEMENT & COMMERCE
DEGREE & P.G COLLEGE, An Autonomous College
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Question Bank – Financial Management.

B.Com (Honours) Semester- 1

Short Answer Questions:

Unit: 1

1. Define Financial Management
2. Scope of Financial Management
3. Functional areas of Financial Management
4. Profit maximisation Vs Wealth Maximisation
5. Agency problems
6. Functions of financial manager
7. Concept of time value of money
8. Techniques of time value of money
9. Importance of time value of money in financial decision making
10. Future value of money

Unit: 2

1. Cost of capital
2. Weighted average cost of capital
3. Cost of redeemable debt
4. Concept of time value of money
5. Techniques of time value of money
6. Importance of time value of money in financial decision making
7. Define capital budgeting
8. List out the various evaluation methods of capital budgeting
9. Capital budgeting process
10. Profitability Index
11. NPV Vs IRR
12. Capital rationing
13. Time adjusted techniques

Unit: 3

1. Kinds of working capital
2. Gross working capital, networking capital

3. Kinds of working capital
4. Determinants of working capital
5. Short notes on importance of working capital
6. Motives of inventory management
7. Motives of cash management
8. Lock box system
9. Cash management models
10. List out the tools and techniques of inventory management
11. Economic order quantity
12. JIT,VED.

Unit: 4

1. Optimal capital structure
2. Short notes on importance of capital structure
3. List out the theories of capital structure
4. Short notes on EBIT-EPS
5. Financial leverage
6. Short notes on trading on equity
7. Operating leverage

Unit: 5

1. Types of dividend
2. Factors for dividend decision
3. Irrelevant theory of dividend
4. Optimum pay-out
5. Walter’s model of dividend
6. Gordon’s approach of dividend

Long answer Questions.

Unit: 1

1. Define financial management; explain the scope and objectives of it.
2. Finance functions of a business are closely related to its other functions –Discuss.
3. “Investment, financing and dividend decisions are all inter-related.”-Discuss.
4. Explain various techniques to be employed to adjust the time value of money.
5. Define i. Annuity ii. Discount rate. Iii. Future value. Iv. Present value. V. Annuity discount factor.

Unit: 2

1. Define Cost of capital? Explain the significance of cost of capital.
2. How the cost of different sources of capital is measured.
3. Explain the concept of capital budgeting and its significance.
4. Explain the various traditional and time adjusted techniques of capital budgeting.
5. Explain in briefly the following methods of capital budgeting bringing out the advantages and disadvantages of each a) Pay-back method b) Accounting rate of method. c) IRR

Unit: 3

1. Define working capital? List out the factors determining working capital management.

2. What are the various sources of working capital formation?

3. What is receivable management? How it is useful for business concern.

4. What is inventory management? Explain the various tools and techniques used for inventory management.

Unit: 4

1. Define capital structure. What are the major determinants of capital structure?
2. Briefly discuss theories of capital structure.
3. Explain Net Income and Net Operating Income approaches to capital structure.
4. Short notes on i. financial leverage. ii. Operating leverage. iii. Combined leverage.
5. Discuss the relation between debt financing and financial leverage.

Unit: 5

1. Define dividend? List out the determinants dividend decision.

2. The theories of relevance of dividend as given by i. Walter ii. Gordon.

3. Explain in brief the various methods of dividend payment.