SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY : PUTTUR
(AUTONOMOUS)
Siddharth Nagar, Narayanavanam Road – 517583

QUESTION BANK (DESCRIPTIVE)

Subject with Code : **Financial Management** (**25MB9009**)

Course & Branch: MBA

Year &Sem: I-MBA & II-Sem

Regulation: R25

UNIT - I

THE FINANCE FUNCTION

1	a)	What is financial management? Explain nature of financial management..	[L1][CO1]	[6M]
	b)	Explain Scope of financial management..	[L2][CO1]	[6M]
2		Define financial management. Explain the various important functions of financial management.	[L2][CO1]	[12M]
3	a)	Write a note on profit maximization approach.	[L2][CO1]	[6M]
	b)	What do you understand by shareholders wealth?	[L2][CO1]	[6M]
4		Define financial management. Explain the various important functions of financial management.	[L2][CO1]	[12M]
5	a)	List out the three limitations of profit maximization.	[L1][CO1]	[6M]
	b)	Explain the concept of wealth maximization	[L4][CO1]	[6M]
6		Discuss "Profit maximization vs Wealth maximization"	[L2][CO1]	[12M]
7	a)	Write a note on organization of finance function.	[L2][CO1]	[6M]
	b)	Share Holders Wealth maximization is the ultimate goal of the company. Discuss.	[L2][CO1]	[6M]
8		Every Manager has to take three major decisions while performing the finance function. Briefly explain them.	[L1][CO1]	[12M]
9		Discuss the following concepts (a) Fixed assets (b) Dividend decision (c) Intangible Assets (d) Debenture	[L3][CO1]	[12M]
10		Share Holders Wealth maximization is the ultimate goal of the company. Discuss.	[L4][CO1]	[12M]

UNIT - II

THE INVESTMENT DECISION

1		Define investment. Discuss the process of investment	[L2][CO2]	[12M]
2	a)	Define capital budgeting. List the stages of capital budgeting process	[L2][CO2]	[5M]
	b)	What do you mean by pay back period?	[L2][CO2]	[7M]
3		Define Capital Budgeting and Explain the various methods of Capital Budgeting.	[L2][CO2]	[12M]
4		A company has to select one of the following projects: | Particulars	Project A (Rs)	Project B (Rs)
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Cost	11,000	10,000
Cash Inflows:		
Year 1	6,000	1,000
Year 2	2,000	1,000
Year 3	3,000	2,000
Year 4	5,000	10,000 | Use the payback method to suggest a project.	[L4][CO2]	[12M]
5		Briefly discuss the techniques of capital budgeting with their merits and limitations..	[L1][CO2]	[12M]
6	a)	What is Internal Rate of Return in Capital Budgeting	[L2][CO2]	[6M]
	b)	Explain about the role of Net Present Value in Capital Budgeting.	[L2][CO2]	[6M]
7	a)	Explain the nature and concept of capital budgeting.	[L2][CO2]	[6M]
	b)	Discuss the significance of capital budgeting.	[L2][CO2]	[6M]
8		Assume that a project requires an outlay of 50000 rupees and yields annual cash inflows of 10000, 12000, 14000, 15000 and 18000 respectively from year one through five. Calculate Accounting Rate of Return?	[L5][CO4]	[12M]

9		A project needs an investment of Rs.138500. The cost of capital is 12%. The net cash inflows are as under . Calculate the IRR and suggest whether the project should be accepted or not.
		    Year cash inflows (Rs)
		    1 30000
		    2 40000
		    3 60000
		    4 30000
		    5 20000
			[L4][CO5]	[12M]

10		There are two projects X and Y, X requires an investment of Rs.26,000 while Y requires an investment of Rs. 38000. The cost of capital is 12%. on the basis of the following cash inflows required to state that which project should be accepted.
		    Year Cash inflows
		                    Project X(Rs) Project Y(Rs)
		    1 9000 8000
		    2 7000 10000
		    3 6000 12000
		    4 5000 14000
		    5 4000 8000
		    6 4000 2000
		    7 3000 16000
		    8 3000 -
		Calculate NPV suggest which project should be accepted.
			[L4][CO5]	[12M]

UNIT - III

THE FINANCING DECISION

1	a)	What is cost of capital?	[L2][CO2]	[5M]
	b)	Explain the significance of cost of capital in financial management.	[L4][CO2]	[7M]
2	a)	What do you mean by CAPM approach?	[L1][CO2]	[4M]
	b)	What is EBIT- EPS analysis?		[8M]
3		Define cost of capital. Discuss in detail the steps involved in computation of WACC.	[L2][CO2]	[12M]
4		Write short notes on: (i) Commercial Paper (ii) venture capital (iii) lease financing (iv) term financing and (v) mutual funds.	[L4][CO2]	[12M]
5	a)	What are the sources of short term fiancé?	[L1][CO2]	[6M]
	b)	What are the sources of Long Term finance?	[L1][CO2]	[6M]
6	a)	List out the forms of dividend.	[L2][CO2]	[6M]
	b)	What is meant by dividend policy?	[L2][CO2]	[6M]
7		What do you mean by specialized financial institutions? Why are these needed?	[L1][CO3]	[12M]
8		What are the factors affecting dividend decision?	[L1][CO3	[12M]
9		The details of the company's capital structure are as follows:- (see table below) Calculate the weighted average cost of capital using:- A. Book Value as weights B. Market Value as weights	[L5][CO5]	[12M]
10		What are the various sources available to Indian business man for raising funds in India?	[L4][CO2]	[12M]

Question 9 table:

TYPE OF CAPITAL	BOOK VALUE	MARKET VALUE	SPECIFIC COST
Equity Capital	100000	180000	15%
Preference Capital	50000	120000	12%
Debentures	60000	100000	6%
Retained Earnings	40000	-----	15%

UNIT - IV

INTRODUCTION TO WORKING CAPITAL

1	a)	Explain the concept of working capital.	[L2][CO3]	[6M]
	b)	Explain in detail about Gross operating cycle and Net operating cycle and its significance.	[L2][CO3]	[6M]
2	a)	How would you determine the optimum level of current assets ? Illustrate your answer.	[L2][CO2]	[6M]
	b)	What is the concept of working capital cycle?	[L2][CO2]	[6M]
3		What is Working Capital Management? Discuss the factors that can be Considered while estimating working capital requirements of a business firm.	[L1][CO2]	[12M]
4	a)	What is cash management? Discuss the objectives.	[L2][CO5]	[6M]
	b)	List out the components of cash receivables	[L4][CO3]	[6M]
5	a)	Explain inventory management techniques.	[L2][CO2]	[6M]
	b)	Briefly discuss the aspects of cash management	[L2][CO2]	[6M]
6		Discuss the steps involved in estimation of working capital needed by a firm	[L1][CO3]	[12M]
7		Write short notes on the following (a) Cash conversion cycle (b) Conservative approach (c) Factoring Services (d) Economic Order Quantity (EOQ) (e) ABC Inventory control system.	[L1][CO2]	[12M]
8		What is the need to maintain optimum working capital? Discuss the consequences of inadequate and excess working capital	[L2][CO2]	[12M]
9		Explain various motives for holding cash	[L1][CO3]	[12M]
10		Briefly discuss about concepts and characteristics of Working Capital	[L1][CO2]	[12M]

UNIT - V

CORPORATE RESTRUCTURES

1	a)	What are the characteristics of Corporate Restructuring?	[L1][CO5]	[6M]
	b)	Explain about Strategies of Corporate Restructuring	[L1][CO5]	[6M]
2	a)	What are Mergers and Acquisitions?	[L1][CO5]	[6M]
	b)	Discuss about motives for mergers	[L2][CO5]	[6M]
3		What is Corporate Governance? Briefly explain about Principles of Corporate Governance	[L1][CO2]	[12M]
4		Briefly explain about Types and Motives of mergers and their importance.	[L2][CO2]	[12M]
5		Examine the impact of takeovers on shareholders and management.	[L4][CO2]	[12M]
6	a)	Define Acquisition in corporate restructuring	[L1][CO2]	[6M]
	b)	State any two objectives of mergers and acquisitions	[L2][CO3]	[6M]
7	a)	Distinguish between merger and acquisition	[L2][CO3]	[8M]
	b)	State the advantages of corporate mergers	[L2][CO2]	[4M]
8		Evaluate the advantages and disadvantages of mergers and acquisitions	[L4][CO3]	[12M]
9	a)	Explain the concept of takeover in corporate restructuring	[L1][CO2]	[6M]
	b)	What are the objectives of corporate takeovers	[L1][CO2]	[6M]
10		Explain the advantages and disadvantages of corporate takeovers	[L1][CO2]	[12M]

Prepared by:

K.Ashok Kumar

Assistant Professor /MBA

SIETK, PUTTUR