

Chapter 9 Financial Management

Sl.No.	Question	K/U/A/S	Marks
	Part - A		
1	What is Business Finance?	K	1
2	State the primary objective/aim of financial management.	K	1
3	What do you understand by 'Capital Structure'?	U	1

4	Write the meaning of 'Financial Risk'.	K	1
5	Give an example for fixed asset.	A	1
6	Give an example for current asset.	A	1
7	How do you calculate Net Working Capital?	A	1
8	The cheapest source of finance is (a) Debenture (b) Equity share capital (c) Preference share (d) Retained earnings	A	1
9	The decision of acquiring a new machine or opening a new branch is an example for (a) Financing decision (b) Working capital decision (c) Investment decision (d) None of the above	A	1
10	The decision of how much to be raised from which source is an example for (a) Financing decision (b) Working capital decision (c) Investment decision (d) None of the above	A	1
11	Companies with higher growth pattern are likely (a) to pay lower dividends (b) to pay higher dividends (c) that dividends are not affected by growth issues (d) none of the above	A	1
12	Current assets are those assets which get converted into cash (a) within six months (b) within one year (c) between 1 and 3 years (d) between 3 and 5 years	A	1
13	A fixed asset should be financed through (a) a long term liability (b) a short term liability (c) a mix of long and short term liabilities (d) None of the above	A	1
Part - B			
14	What do understand by Financial Management?	U	2
15	Give the meaning Investment Decision with an example.	K/A	2
16	What is Financing Decision? Give an example.	K/A	2
17	Give the meaning of Dividend Decision.	K	2
18	State the twin objectives of Financial Planning.	K	2
19	What is Financial Leverage? Write the formula to calculate Financial Leverage.	U	2

20	Give the meaning of 'Trading on Equity'.	K	2
21	Write the formula to calculate Debt Service Coverage Ratio.	U	2
	Part - C		
22	Explain any four factors affecting financing decisions	U	4
23	Explain any four factors affecting dividend decisions.	U	4
24	What is Capital Budgeting decision? Explain briefly the factors affecting capital budgeting decisions.	U	4
25	Explain with any four points the importance of financial planning.	U	4
26	Explain any four factors affecting the fixed capital requirement of an organisation.	U	4
27	Explain any four factors affecting the working capital requirement of an organisation.	U	4