

Financial Management

University Questions of Financial Management	November										
	01	02	03	04	05	06	07	08	09	10	11
Concept Questions											
Distinguished between permanent and temporary working capital	√										
What is business risk?	√					√					
What do leverage ratios indicate?	√										
Explain Inter-corporate Deposits?	√				√			√			
What are liquidity ratios and what is their significance?		√									
Why is cost of debt normally less than the cost of equity? Is it always so?		√									
What is meant by letter of credit?		√					√				
State in brief any three functions of Finance Manager.			√				√				
What is the meaning and significance of Weighted Average Cost of Capital?			√	√							
What is the difference between hypothecation and pledge?			√								
What is cash operating cycle?			√								√
What is conservative Approach concept?				√							
What is Margin of safety?				√							
What is owed fund?				√							
Cost of Debt					√						
Trading on Equity					√		√				
Profit Maximization.					√						
Non-diversable Risk							√				
Float							√				
Entity								√			
Financial Leverage								√			
What are motives of holding cash?									√		
What is operating leverage?									√		
Explain the concept of conservatism									√		

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Kalyan: Shop No. 8, Basement, St. Mary's Classes, Siddhi Viniyak Sankul, Near Karachi Pharmacy, Kalyan(W) 421 301.

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QUEST TUTORIALS

CLASSES FOR BMS

What is Miller and Modigliani Approach?										√		
What is meant by profitability index of a project?											√	
What do you understand by precautionary cash holdings?											√	
Financial Breakeven point											√	√
Gross working capital											√	
What is meant by purchase consideration in case of business restructuring?											√	
What is meant by De-Merger in business restructuring?												√
What is meant by ploughing back of profits?												√
What is Capital Rationing?												√
Long length Questions (10 Marks)												
Explain the methods of measuring Cost of Debt Capital and Cost of Equity Capital with illustrations.	√											
A business man is anticipating cash surplus in the next 3 months in the range of Rs. 50,000, Rs. 70,000 and Rs. 1,00,000. Suggest some investment avenues to him where in he can park his funds and also maintain his liquidity position.	√											
Explain the steps involved in Credit Analysis in detail.	√											
What are the motives for holding cash?		√										
What are the factors that determine working capital requirements?		√										
What is the meaning of the following terms? Commercial papers. and Bill discounting.		√										
Explain the concept of working capital. How is working capital affected by (a) sales, (b) technology and manufacturing policy, and (c) price level changes?			√									
Ratio analysis is only a technique for making judgments and not a substitute for it. Comment.			√									
Examine the pros and cons of long term financing by issue of equity and preference shares			√									
Discuss various cash management models.				√								
Discuss in brief the factors influencing Working Capital Requirements.				√	√							
Explain in brief the sources of Long Term Finance and Short Term Finance.				√								
What are the Financial Statements? What is the importance of Financial Statements? Parties interested in Financial Statements.						√						

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Explain the importance of Leverage. Distinguish between Operating Leverage & Financial Leverage						√							
What is Lease Finance? Distinguish between Finance Lease and Operating Lease.							√						
"Financial management is more than procurement of funds". What do you think are the responsibilities of a finance manager?							√						
Explain the arbitrage process as propounded by Modigliani - Miller in their NOI approach to Capital Structure theory.							√						
Your friend approaches you with a proposal to set up a manufacturing unit having gestation period of 50 to 55 months and funds requirement of around Rs. 15 millions. Explain to him the various sources to raise the funds for the project.								√					
System Failure in USA, economic slowdown in Europe and Stock Market Meltdown in Asia have their root cause in SUB PRIME CRISIS. The SUB PRIME crisis arose because of "Lending without knowing." In the light of the above enlist the issues involved in formulating a sound credit policy.									√				
As a marketing Executive, before extending credit facilities to the customers introduced by your salesmen, what precaution would you take to protect the interest of the company.										√			
Discuss the scope and significance of Finance Function.										√			
Explain the concepts of cost of capital and cost of debt										√			
What are the advantages of fund flow statements?										√			
The leading investment guru says "I am greedy when people are fearful and I become fearful when people are greedy." Which ratio will help you to sense such Fear or Greed Factor?										√			
Objectives of Financial Management											√		
Qualities of a successful finance manager												√	
Explain in brief Short Term Finance.												√	
Need for capital budgeting												√	
Significance of Capital budgeting													√
Letter of Credit as a Sources of Finance													√
Functions of a finance Manager													√

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