

## UNIT – IX

### (FINANCIAL MANAGEMENT)

#### Carrying 1 Marks

1. State objectives of financial management. 1
2. Enumerate one important decisions taken in financial management. 1
3. What is financial Risk. 1
4. State One factor affecting dividend decision. 1
5. State One factor affecting investment decision. 1
6. A fixed asset should be financed through : (a long-term liability) 1
7. Current assets are those assets which get converted into cash: (within one year) 1
8. How is Return on Investment Computed ?  $ROT = EBIT/Total\ Investment$  1
9. What is the other name of a long term investment decision. (Capital budgeting) 1
10. A decision to acquire a new and modern plant to upgrade (Investment decision) 1
11. The Cheapest source of finance is : (Retained earning) 1
12. Give One Example of Current Assets :

#### True & False

13. Financial planning is the main function of financial Management  
True/False
14. There are no limitations of financial planning.  
True/False
15. Financial management is both arts and science.  
True/False

#### **4 Marks**

1. Define financial Management. Explain its two features. 4
2. Explain in brief any four objectives of financial management. 4
3. Explain in brief any four point of importance of financial planning. 4
4. Explain the meaning of financial planning. Give its two features. 4
5. What are the various factors affecting financial planning. 4
6. Name the four factors affecting Capital-structure. 4
7. What is meant by net working Capital. 4
8. State any four characteristics of fixed capital. 4
9. Explain any four factors which affect the working capital requirements of a business. 4
10. Explain the meaning and nature of capital budgeting. 4

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| 11. Explain the factors affecting the dividend policy of a company.                   | 4 |
| 12. How working capital effect the liquidity of a company.                            | 4 |
| 13. What is fixed capital ? Explain, which is consider as fixed capital in a company. | 4 |
| 14. Explain four importance of capital Budgeting Decision.                            | 4 |
| 15. What is dividend decision ?   | 4 |

**6 Marks**

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| 1. What do you mean by financial management ? Describe the three major decisions of the finance function.                            | 6 |
| 2. What do you mean by 'Financial planning'? Discuss the importance of financial planning in financial management.                   | 6 |
| 3. Explain the difference between :-<br>-Capitalisation and capital structure<br>- Over capitalisation and under capitalisation      | 6 |
| 4. What factors should a company consider while planning its capital structure?  | 6 |
| 5. Explain the causes and effects of over capitalisation.  | 6 |
| 6. Explain the factors upon which the amount of working capital depends, and define fixed capital?                                   | 6 |
| 7. Analyse the factors affecting the dividend policy of a company.   | 6 |
| 8. Define 'Business finance' ? Explain the aspects of financial planning.  | 6 |
| 9. Explain the functions of financial manager? Define working Capital.?  | 6 |
| 10. Explain the objectives of financial management and Discuss its role in financial Management ?                                    | 6 |
| 11. What is mean by financial planning ? Define Capital structure and Explain the factors which structure of a business enterprise ! |   |