



Karanjia Auto College ,Karanjia,Mayurbhanj

UNIT 1

1. What is public finance? How is it different from private finance?
2. Define financial management.
3. What are the functions of Chief Financial Officer?
4. What is the nature of financial management?
5. Discuss the impact of financial decisions on the growth and value of an entity.
6. What is profit maximization? Give two points in favour and against the profit maximization approach as an objective of financial management.
7. Discuss welfare maximization as an objective of financial management.
8. What is wealth maximization? Give two points in favour and against the wealth maximization approach as an objective of financial management.
9. Differentiate between profit maximization and wealth maximization.
10. Discuss the objectives of financial management in brief.
11. Write the relation between:
 - (a) Finance and Accounting
 - (b) Finance and Statistics
12. Write short notes on:
 - (a) Estimation of cost of project
 - (b) Finance and Economics
 - (c) Estimation of sales and production
 - (d) Projection of profitability
13. Briefly discuss the identification and selection of means of finance.
14. Write short notes on:
 - (a) Estimate cost of capital
 - (b) Projection of cash flows
 - (c) Risk return analysis
15. Explain the different approaches to finance function.
16. What do you mean by finance function? Discuss its objectives.
17. Discuss the evolution of financial management.
18. Define financial management? Explain the nature and scope of financial management.

19. "The concept of finance function has changed and keeps changing along with the evolution of the content of finance as a business management activity". Elucidate.
20. What do you mean by financial management? Explain its functions.
21. What is the meaning of finance? Elucidate the relationship of finance with other disciplines.
22. What do you understand by the organisation of finance function? Explain the functions of chief financial officer, treasurer and controller.
23. Discuss the traditional and modern concept of financial management.
24. Critically examine the modern concept of financial management and discuss the impact of financial decisions on the growth and value of an entity.
25. Describe the major types of financial management decisions that a business entity takes to manage its finance.
26. Contrast profit maximisation and wealth maximisation as criteria for financial management decisions.
27. "The wealth maximisation objective provides an operationally appropriate decision criterion". Comment.
28. Define financial management. Discuss objectives and functions of financial management. How is wealth maximisation objective better than profit maximisation objective? Explain.
29. "Finance is the life blood of business." Elucidate this statement.
30. Discuss the changing role of financial manager in India.
31. What is time value of money? What are the uses of this concept?
32. Differentiate between compounding and discounting?
33. How to calculate capital recovery factor?
34. What do you mean by capital recovery factor? Discuss its two uses.
35. Write short notes on:
 - (a) Present value
 - (b) Capital recovery factor
36. Write short notes on:
 - (a) Gross present value
 - (b) Net present value
37. What is net present value? How is it calculated?
38. Explain the time value of money in detail.
39. Discuss compounding of a single cash flow, annuity and uneven cash flows in detail.
40. Elaborate discounting of a single cash flow, annuity and uneven cash flows.
41. What do you mean by gross present value and net present value? Discuss their calculations with the help of a hypothetical example.
42. Write Short notes on:
 - (a) Capital returns
 - (b) Current returns
43. Write short notes on:
 - (a) Historical returns
 - (b) Expected returns
44. How historical return is calculated by investors?
45. What is the procedure to calculate expected returns?

46. Write short notes on:
 - (a) Systematic Risk (b) Unsystematic risk
47. What is risk? Explain any four sources of risk?
48. Write short notes on:
 - (a) Historical risk (b) Expected risk
49. Explain return and its various types.
50. Describe the procedure to calculate historical and expected return.
51. What is risk? Explain different sources of risk?
52. How to calculate historical risk and expected.
53. Explain risk return trade off.
54. What are systematic and unsystematic risks? Differentiate between them.
55. What is risk analysis? Explain the different techniques of risk analysis.

UNIT 2

1. What is financing decision?
2. What do you mean by financial market?
3. Give the meaning of following markets in one statements?
 - (a) Capital Market
 - (b) Bond market
 - (c) Commodity market (d) Money market
 - (e) Derivatives market
 - (f) Future market
 - (g) Insurance market
 - (h) Foreign exchange market
4. Differentiate between money market and capital market.
5. What are equity shares? Is issue of equity shares the best source of imam
6. What do you mean by preference shares? Discuss various types of prefer
7. What are debentures? What are the different types of debentures?
8. What is public issue? Explain its two types.
9. What do you mean by prospectus? 10. What is book building mechanism?
11. What is public issue?
12. Write short notes on:
 - (a) Indian depository receipts
 - (b) Right Issue
13. What is offer for sale? Discuss its advantages and disadvantages.
14. Discuss hire purchase system as a source of financing.
15. What is leasing? Discuss any two types of leasing.
16. What is operating lease? How is it different from financing lease?
17. Differentiate between lease financing and hire purchase system.
18. What do you mean by financial market? Discuss various types of financial market in detail.

19. What is financing decision? Discuss various sources of finance from cost of capital, risk, control and flexibility perspective.
20. Discuss the mechanism of public issue in detail. .
21. Explain the most popular pricing mechanism of public issue in India.
22. What is leasing? Describe various types of leasing?
23. What do you mean by hire purchase system? How is this system different from leasing?
24. What is project financing? What are factors that affect financing decision?
25. What is implicit cost? Give its four examples?
26. Differentiate between implicit and explicit cost?
27. Define cost capital?
28. How to calculate weighted average cost of capital?
29. What are the different types of cost of capital?
30. How to calculate weighted average cost of capital?
31. What is cost of equity? How calculate it?
32. What do you mean by cost of preference shares?
33. What is cost of debt? How to calculate it?
34. Write the main assumption of capital asset pricing model.
35. What is capital market line?
36. What do you mean by security market line?
37. Write short notes on:
 - (b) Risk free rate
 - (c) Risk premium
 - (d) Beta
38. What is beta? Write in brief the methodology of calculating beta.
39. What is risk premium?
40. Discuss the calculation of beta in special cases.
41. How H model can be used for estimating the rate of return?
42. Write short notes on:
 - (a) Yield to maturity (b) Realized yield to maturity
43. Write short notes on:
 - (a) Holding period returns
 - (b) Yield to call
44. What are forward interest rates?
45. Write short notes on:
 - (a) Expectations hypothesis theory
 - (b) Liquidity preference theory
46. What do mean by Cost of capital? Discuss various types of cost of capital in detail.
47. Discuss the capital asset pricing model approach to calculate of cost of capital.
48. Write notes on:
 - (a) Security market line

(b) Capital market line

49. Describe the estimation of risk free rate, market risk premium and beta used in capital asset pricing model.
50. Explain the dividend discount model approach to estimate cost of capital.
51. Discuss the bond yield plus risk premium approach of measurement of cost of capital or required rate of return.
52. Discuss the measurement of term structure in case of certainty and uncertainty.
53. What do you mean by capitalization, over-capitalization and under-capitalization?
54. What is financial structure? How is it different from capital structure?
55. Define Capital structure. Also, differentiate between financial structure and capital structure.
56. What do you mean by optimum capital structure? Is optimum capital structure is realistic? State the reasons why?
57. What are qualities of sound or appropriate capital structure?
58. Write a short note on arbitrage process?
59. What do you mean by financial distress?
60. What are bankruptcy costs? Discuss various types of bankruptcy costs.
61. What is the impact of following concepts on the value of an entity?
(a) Bankruptcy costs (b) Agency costs (c) Income tax shield
62. What do you mean financial structure? Differentiate between financial structure and capital structure. Discuss the main factors affecting capital structure.
63. Define capital structure? Discuss the factors affecting capital structure in detail.
64. What is optimum capital structure? Discuss the main features of optimum capital structure.
65. What do you mean by optimum capital structure? Discuss the optimum capital structure.
66. Explain the Net Income Approach of capital structure in detail with the help of a hypothetical example.
67. Define leverage? Mention different
68. Write a short notes on trading on equity.
69. What do you mean by operating leverage?
70. Discuss the concept of financial leverage.
71. What is the degree of financial leverage?
72. How to calculate the degree of Operating leverage?
73. How composite leverage is calculated?
74. What do you meant by working capital leverage?
75. What is point of indifference?
76. What is financial break—even point?
77. Distinguish the operating leverage from financial leverage.
78. Explain the uses of operating and financial leverage.
79. What do you meant by leverage? Discuss different types of leverage in detail?
80. Write detailed notes on:

(a) Trading on equity (b) Operating leverage

81. Discuss the concepts, measurement and behaviour of financial leverage.
82. Describe the meaning, measurement and significance of operating leverage.
83. What is working capital leverage? How is it calculated?
84. Describe EBIT-EPS analysis of leverage.
85. What is leverage? Distinguish the operating leverage from financial leverage.

UNIT 3

1. What, is capital expenditure? Give two examples of capital expenditure
2. What do you mean by long term investment decisions?
3. Define capital budgeting.
4. What are the feature of capital budgeting?
5. Discuss the importance of capital budgeting.
6. Discuss in brief the process it evaluation of long term investment proposals.
7. Write short notes on:
 - (a) Independent investment proposals
 - (b) Contingent investment proposals
 - (c) Mutually exclusive investment proposals
8. What do you mean by capital expenditure? Explain the importance of capital expenditure decisions.
9. Define capital budgeting. Discuss in detail the types of capital budgeting decisions.
10. What do you mean by capital budgeting? Elucidate the capital budgeting process.
11. .What do you meaning of cash, cash equivalent and cash flows?
12. Discuss in brief of classification of cash flows of a business.
13. Classify cash flows on the basis of direction.
14. Classify cash flows on the basis of nature of activities.
15. Classify cash flows on the basis of timings.
16. What are the differences between cash inflows and cash outflows?
17. Differentiate between cash flows from operating activities and financing activities.
18. Differentiate between cash flows from investing activities and financing activities.
19. Differentiate between cash flows from operating activities and investing activities.
20. State four examples of cash inflows operating, investing and financing activities.
21. State four examples of cash outflows operating, investing and financing activities
22. Differentiate between operating, investing and financing activities.
23. Write short notes on:
 - (a) Free cash flows
 - (b) Incremental cash flows
24. What do you mean by investment criteria? What are the characteristics of sound investment criteria?

25. Discuss payback period criterion in case of equal cash flows.
26. Discuss payback period criterion in case of unequal cash flows.
27. Discuss briefly the acceptance rule of following methods:
 - (a) Payback Period
 - (b) Profitability index
 - (c) Accounting rate of return
 - (d) Present value
 - (e) Net present value
 - (f) Internal rate of return
28. What is accounting rate of return? Discuss the advantages and disadvantages of this method.
29. Explain the present value method in terms of acceptance criterion, advantages and disadvantages.
30. What is net present value?
31. Explain profitability index as an investment criterion.
32. What is internal rate of return?
33. What do you mean by investment criteria? Explain traditional and time adjusted investment criteria.
34. Discuss payback period criterion in case of equal and unequal cash flows.
35. Discuss in detail the present value, net present value, profitability index and internal rate of return.
36. What do you mean by special decision situations?
37. What do you mean by constraints? Which constraints add complexity to investing decision making process?
38. How to choose between mutually exclusive investment proposals?
39. What are the features of mutually exclusive investment proposals?
40. What is investment proposal dependency? Discuss its two types.
41. How to make decision regarding postponement of an investment proposal?
42. What is the impact of interrelationship between financing and investment Facets:
43. How to rank multiple investment proposals in the presence of conflicts and constraints:
44. What is combined net present value? Discuss in brief the different models to calculate combined net present value.
45. What is adjusted net present value? How to calculate adjusted net present value?
46. Discuss the various types of constraints in financial management.
47. What is modified rate of return? Discuss briefly its uses.
48. What do you mean by special decision situations? Explain the facets in terms of constraints and conflicts in special decision situations.
49. What do you mean by constraints? Discuss the various types of constraints in financial management.
50. Discuss the dimensions of decision relating to:
 - (a) The choice between mutually exclusive investment proposals with unequal life

- (b) Postponement or investments in some investment proposals
 - (c) Interrelationship between financing and investment facets
 - (d) International capital budgeting
 - (e) Ranking of multiple investment proposals in the presence of conflicts and constraints
51. Discuss the main resolutions proposed by researchers to bring objectivity in special decision making situations.
 52. Describe the method of calculating:
 - (a) Combined net present value
 - (b) Adjusted net present value
 - (c) Modified rate of return
 53. What do you mean by retained earnings and dividend?
 54. What is the difference between cash dividend and stock dividend?
 55. Give one line meaning of following kinds of dividend:
 - (a) Cash dividend (b) Stock dividend (bonus shares) (c) Property dividend (d) Scrip dividend
 - (e) Bond dividend (f) Composite dividend (g) Interim dividend (h) Extra dividend
 56. What is dividend policy?
 57. Discuss the significance of dividend policy in brief.
 58. Write short note on: (a) Steady dividend policy (b) Regular dividend plus extra dividend (c) Fluctuating with earnings policy (d) No dividend policy
 59. What are bonus shares?
 60. What do you mean by stability of dividend?
 61. What are the main advantages of stability of dividend to shareholders and entity? the corporate
 62. Write short notes on:
 - (a) Constant dividend per share
 - (b) Stable dividend pay-out ratio
 63. Discuss any four factors affecting a dividend policy.
 64. What are the sources for payment of dividend under Companies Act, 2013?
 65. State the mode of payment of dividend as per Companies Act, 2013.
 66. Discuss the main provisions of punishment for failure to distribute dividend under Companies Act, 2013.
 67. What do you mean by dividend? Explain the factors which are considered while taking dividend decision of a company?
 68. What is dividend policy? Explain various types of dividend policies.
 69. What is stable dividend policy? Why should a company follow the stable dividend policy?
 70. What do you understand from dividend policy? Why do investors want dividend? Explain the different types of dividend.
 71. What is dividend? Discuss the various factors influencing the corporate dividend policy.
 72. What are bonus shares? Discuss the main advantages of issue of bonus shares to the shareholders and the company.

73. What do you mean by bonus shares? Discuss the main legal provisions as per Companies Act 2013 regarding the issue of bonus shares by a corporate entity to its shareholders.
74. Discuss the SEBI's regulations for issue of bonus shares.
75. What do you understand by dividend policy? Discuss the factors influencing the dividend policy of a company.
76. Elucidate the main provisions of dividend under Companies Act, 2013.
77. What is dividend decision?
78. Discuss in brief the residual theory of dividend.
79. What do you understand by irrelevance concept of dividend?
80. Are dividend decisions relevant to the valuation of shares?
81. What are the assumptions of Modigliani-Miller theory of dividend?
82. What are the limitations of irrelevance dividend theories?
83. Discuss in brief the operational justification of Modigliani-Miller theory of dividend.
84. What is optimum dividend payout ratio?
85. Write down the equations of:
 - (a) Modigliani-Miller theory
 - (b) Walter's Model
 - (c) Gordon's Model
86. Define Walter's Model of dividend. Also mention its main assumptions and limitations.
87. What is Gordon's Model of dividend? What are its basic assumptions?
88. What are the limitations of relevance dividend theories?
89. What is the relationship between price of shares and dividend payout ratio?
90. Discuss the relationship between cost of equity and dividend payout ratio.
91. Describe the thoughts of relevance and irrelevance of dividend on the valuation in detail.
92. What is the residual theory of dividend? Explain briefly. What are the limitations of this theory?
93. Explain the equations, assumptions and operational justification of Modigliani-Miller theory of dividend.
94. Discuss the Modigliani and Miller approach of irrelevance of dividends. What are its limitations?
95. What is MM dividend model? Explain briefly. What are the limitations of this model;
96. Discuss the assumptions, equations and criticisms of irrelevance dividend theories.
97. Elucidate the impact of dividend decisions on the value of an entity as per relevance and irrelevance dividend models.
98. Describe the assumptions, equation and applications of Walter's Model.
99. Discuss the assumptions, equation and applications of Gordon's. Model.
100. What is Walter's model of dividend? Discuss briefly. What are its limitations?
101. Discuss in detail the Gordon's model of relevance of dividend policy to the valuation of an entity
102. Discuss the relationship of dividend payout ratio with price of shares and cost of equity.

UNIT 4

1. What is working capital? Define it.
2. Discuss the concept of working capital?
3. What are the types of working capital? 4. What are the needs of working capital?
5. Is it necessary to manage working capital?
6. Define inventors. Why the business entities hold inventories? Give three reasons.
7. What do you mean by inventory? What are the types of inventories?
8. State the purposes of holding inventories.
9. What is inventory management?
10. Discuss in brief the objectives of inventory management.
11. What are the benefits of inventory management?
12. What are stock levels?
13. Give one line meaning and equation of:
 - (a) Re-order stock level
 - (b) Maximum stock level
 - (c) Minimum stock level
 - (d) Average stock level
14. What is EOQ? How to calculate it?
15. What is just In Time Philosophy' of inventory control system?
16. What are the features and benefits of 'JIT Philosophy' of inventory control system?
17. Write short notes on the following methods of valuation of inventories:
 - (a) First in First Out Method (FIFO)
 - (b) Last in First Out Method (LIFO)
 - (c) Highest in First Out Method (LIFO)
 - (d) None of these
18. Discuss in brief the techniques of inventory management based on the order quantity of inventories.
19. Write short notes on:
 - (a) ABC Analysis (b) VED Analysis (c) FNSD Analysis (d) HML Analysis
20. How to calculate 'Inventory Turnover Ratio' and 'Inventory Conversion Period'?
21. What do you meant by inventory discuss the types of inventories.
22. What is inventory management? What are the objectives and benefits of inventory management? Describe various techniques of inventory management.
23. Define inventory. Describe the methods of valuation of inventories in detail.