

Question Bank

Course code: - 304 Fin

Subject: - Advanced Financial Management

UNIT I- Financial Planning and Shareholder value

Sr.no	Question Type	Questions	Marks
1	REMEMBERING	MCQs 1. Financial Planning deals with: (a) Preparation of Financial Statements (b) Planning for a Capital Issue (c) Preparing Budgets (d) All of the above. 2. Financial planning starts with the preparation of: (a) Master Budget (b) Cash Budget (c) Balance Sheet (d) None of the above	2
2	REMEMBERING	MCQs 1. Which of the following is not a part of Master Budget? (a) Projected Balance Sheet (b) Capital Expenditure Budget (c) Operating Budgets (d) Budget Manual. 2. Which of the following is not shown in Cash Budget? (a) Proposed Issue of Capital (b) Loan Repayment (c) Interest on loan (d) Depreciation.	2
3	REMEMBERING	State whether each of the following statements is True (T) or False (F) 1. Investment decisions and capital budgeting are same. 2. Capital budgeting decisions are long term decisions. 3. Capital budgeting decisions are reversible in nature.	2

4	REMEMBERING	What is Business Finance?	2
5	REMEMBERING	What is Financial Management?	2
6	REMEMBERING	Define Financial Management.	2
7	REMEMBERING	What are the three decisions of finance function?	2
8	REMEMBERING	What is another name of short-term investment decision?	2
9	REMEMBERING	What is a dividend decision?	2
10	REMEMBERING	What are the factors affecting the dividend decisions?	2
11	REMEMBERING	What are the objectives of the financial management?	2
12	REMEMBERING	What is Investment Decision?	2
13	REMEMBERING	What is a Financing Decision?	2
14	REMEMBERING	How finance is related with Economics?	2
15	REMEMBERING	How Finance is related with Accounting?	2
16	REMEMBERING	What is the relation of taxation and finance?	2
17	REMEMBERING	What is Finance Function?	2
18	REMEMBERING	State the functions of Finance manager?	2
1	UNDERSTANDING	Sound financial management is the key to the prosperity of the business. Explain.	5
2	UNDERSTANDING	Explain in brief any three decisions involved in the financial management.	5
3	UNDERSTANDING	State the objectives of the financial management?	5
4	UNDERSTANDING	Explain the importance of financial planning?	5
5	UNDERSTANDING	Explain briefly any five points of the role of financial management.	5
6	UNDERSTANDING	Explain fully the concept of finance.	5
7	UNDERSTANDING	Bring out the importance of finance.	5
8	UNDERSTANDING	Explain briefly the factors affecting the investments decisions?	5
9	UNDERSTANDING	Explain the factors affecting the financing decisions.	5
10	UNDERSTANDING	Write a short note on finance function.	5
11	UNDERSTANDING	Explain the role of Finance Manager in Financial Management?	5
12	UNDERSTANDING	Define Finance and how is it related to other allied disciplines?	5

13	UNDERSTANDING	Explain modern approaches to Financial Management.	5
1	APPLY	Describe the finance functions as divided into three broad categories.	10
2	APPLY	Describe modern approaches to financial management.	10
1	ANALYSE	Briefly analyze the scope of the financial Management?	10
2	ANALYSE	Explain the functions of finance Manager in detail & elaborate the relationship of financial Management with other functional disciplines.	10
1	EVALUATE	'The concept of finance function has changed and keeps on changing along with the evolution of finance as a management activity.' Elaborate this statement.	10
2	EVALUATE	'Wealth maximization is better than profit maximization' Do you agree? Justify your comment.	10



UNIT II - Capital Structure and Firm value

Sr. no	Question Type	Questions	Marks
1	REMEMBERING	<p>MCQs</p> <p>1. Deep Discount Bonds are issued at</p> <p>(a)Face Value (b)Maturity Value (c)Premium to Face Value (d)Discount to Face Value.</p> <p>2. Which of the following is true for Net Income Approach?</p> <p>(a) Higher Equity is better (b) Higher Debt is better (c) Debt Ratio is irrelevant (d) None of the above.</p>	2
2	REMEMBERING	<p>MCQs</p> <p>1. In case of Net Income Approach, the Cost of equity is:</p> <p>(a) Constant, (b) Increasing (c) Decreasing (d) None of the above.</p> <p>2. Which of the following is true of Net Income Approach?</p> <p>(a) $V_F = V_E + V_D$ (b) $V_E = V_F + V_D$ (c) $V_D = V_F + V_E$ (d) $V_F = V_E - V_E$</p>	2
3	REMEMBERING	<p>State whether each of the following statements is True (T) or False (F)</p> <p>1. The NI approach, the k_e is assumed to be same and constant. 2. The NI approach, the k_0 falls as the degree of leverage is increased</p>	2

