

- Q.25 What do you mean by financial management?  
Discuss the functions of financial management.
- Q.26 Discuss the long term sources of finance.
- Q.27 What are the advantages of inventory control.
- Q.28 Discuss the qualities of finance manager.
- Q.29 Explain briefly the methods of evaluating investment projects.
- Q.30 Discuss the benefits of holding inventory.
- Q.31 Explain Net present Value.
- Q.32 Examine the need of capital budgeting decisions.
- Q.33 Critically examine debentures as a source of finance.
- Q.34 Discuss solvency ratio.
- Q.35 What do you mean by ratio analysis.

#### **SECTION-D**

- Note:** Long answer type questions. Attempt any two questions out of three questions. (2x10=20)
- Q.36 What do you mean by time value of money? Explain different methods used in it.
- Q.37 "The Wealth maximization objective provides and operationally appropriate decision criterion". Comment
- Q.38 What do you mean by finance function? Discuss its objectives.

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184152

**5th Sem / Fin., Acc & Aud.  
Subject:- Financial Management**

Time : 3Hrs.

M.M. : 100

#### **SECTION-A**

**Note:** Multiple choice questions. All questions are compulsory (10x1=10)

- Q.1 What is the primary goal of financial management
- To minimize the risk
  - To maximize the owner's wealth
  - To maximize the return
  - To raise profit
- Q.2 The market value of the shares is decides by
- The investment market
  - The government
  - The shareholders
  - The respective company
- Q.3 Liquidity position of the company can be checked by
- current ratio
  - quick ratio
  - Interest coverage ratio
  - both (a) and (b)
- Q.4 The financial management function has become \_\_\_\_\_ and complex
- Less demanding
  - More demanding
  - Less important
  - Outdated

- Q.5 \_\_\_\_\_ technique can be used to take capital budgeting decision.  
 a) ABC                    b) NPV  
 c) EOQ                    d) LIFO
- Q.6 The \_\_\_\_\_ approach of financial management provides analytical framework for financial problems.  
 a) Classical              b) Traditional  
 c) Modern                d) Empirical
- Q.7 \_\_\_\_\_ is the main goal of financial management  
 a) Profit maximization b) fund transfer  
 c) maximum returns    d) Wealth maximization
- Q.8 \_\_\_\_\_ technique is used for inventory control  
 a) EOQ                    b) NPV  
 c) IRR                    d) PI
- Q.9 For maximizing the profit, the costs should be \_\_\_\_\_  
 a) Ignored                b) Maximized  
 c) Minimized             d) Upgraded
- Q.10 \_\_\_\_\_ Maximization objective ignores timing of benefits i.e. time value of money  
 a) Profit                  b) Wealth  
 c) Value                  d) Both A and B

### **SECTION-B**

- Note:** Objective type questions. All questions are compulsory. (10x1=10)
- Q.11 Planning is the function of financial management. (True/False)
- Q.12 Fixed assets are used for longer period. (True/False)

(2)

184152

- Q.13 The wealth maximization approach is considered good in present situation .(True/False)
- Q.14 Treasurer is the custodian for funds and securities. (True/False)
- Q.15 Share capital is the permanent capital of the company.(True/False)
- Q.16 Debenture holders are the real owners of the company.(True/False)
- Q.17 Retained earnings are the external source of finance. (True/False)
- Q.18 Quick ratio is used to check the liquidity position of the concern. (True/False)
- Q.19 Profitability index is also called benefit cost ratio. (True/False)
- Q.20 Average usage is that quantity of raw material which is used daily in the business.(True/False)

### **SECTION-C**

- Note:** Short answer type questions. Attempt any twelve questions out of fifteen questions. (12x5=60)
- Q.21 How is wealth maximization objective is better than profit maximization objective? Explain
- Q.22 Discuss the different types of debenture.
- Q.23 Explain Economic Order Quantity technique of inventory control.
- Q.24 Write down the objectives of time value of money.

(3)

184152