

UG- COMMERCE
5th Semester
Core- 12 - FUNDAMENTALS OF FINANCIAL MANAGEMENT

Here's a set of 30 one-mark questions, 30 two-mark questions, and 20 long questions on the subject of Financial Management:

****One-Mark Questions (30):****

1. What is the primary goal of financial management?
2. Define working capital.
3. What does ROI stand for in financial management?
4. Explain the concept of time value of money.
5. What is the purpose of financial forecasting?
6. Define financial leverage.
7. What is liquidity in financial management?
8. Explain the concept of risk-return trade-off.
9. What is the difference between equity and debt financing?
10. Define capital budgeting.
11. What is the formula for the Net Present Value (NPV)?
12. Define systematic risk.
13. What is the role of the Securities and Exchange Commission (SEC) in financial markets?
14. Explain the concept of dividend yield.
15. What is the significance of the Capital Asset Pricing Model (CAPM)?
16. Define financial statement analysis.
17. What is the purpose of a cash flow statement?
18. Explain the concept of working capital turnover ratio.
19. What is the difference between book value and market value of a company?
20. Define financial ratios.
21. What is the importance of a balance sheet in financial analysis?
22. Explain the concept of the payback period in capital budgeting.
23. What is the role of a financial manager in risk management?
24. Define the term 'operating leverage.'
25. What is a dividend policy?
26. Explain the concept of a bond's coupon rate.
27. What is the significance of the efficient market hypothesis?
28. Define financial planning.
29. What is the role of a credit rating agency in financial markets?
30. Explain the concept of free cash flow.

****Two-Mark Questions (30):****

1. Discuss the importance of financial management in a business organization.
2. Differentiate between short-term and long-term financial management.
3. Explain the components of working capital.
4. Describe the factors that affect the time value of money.
5. Compare and contrast equity and debt financing.
6. Discuss the steps involved in the capital budgeting process.
7. Explain the concept of risk management in financial decision-making.
8. Differentiate between systematic and unsystematic risk.
9. How does the SEC regulate financial markets in the United States?
10. Discuss the factors that influence dividend policy.
11. Explain the concept of financial leverage and its implications.
12. Describe the major financial ratios used for financial analysis.
13. Discuss the limitations of financial ratio analysis.
14. Explain the purpose of a cash flow statement and its key components.
15. Calculate the Net Present Value (NPV) of an investment project given cash flows and discount rate.
16. Discuss the significance of the Capital Asset Pricing Model (CAPM) in investment decisions.
17. Explain the concept of operating leverage and its impact on profitability.
18. Discuss the differences between a secured and unsecured bond.
19. Describe the role of financial planning in achieving long-term financial goals.
20. Explain the concept of efficient market hypothesis (EMH) and its forms.
21. Discuss the importance of risk assessment in financial management.
22. Explain the term "cost of capital" and its relevance in investment decisions.
23. Discuss the advantages and disadvantages of leasing as a source of financing.
24. Explain the concept of financial statement analysis and its objectives.
25. Describe the components of a company's income statement.
26. Explain the significance of the debt-to-equity ratio in financial analysis.
27. Discuss the role of financial markets in the economy.
28. Explain how diversification can help reduce investment risk.
29. Discuss the factors that influence the valuation of common stock.
30. Explain the concept of working capital turnover ratio and its interpretation.

****Long Questions (20):****

1. Discuss the various sources of short-term and long-term financing available to businesses.
2. Explain the steps involved in the financial planning process for a new startup.
3. Discuss the role of financial statements in financial management and decision-making.
4. Analyze the impact of inflation on financial management decisions and strategies.
5. Describe the different methods of capital budgeting and their relative advantages and disadvantages.
6. Discuss the factors that influence the capital structure of a company and its implications.
7. Explain the concept of risk management in financial management and the strategies used to mitigate financial risks.
8. Calculate and interpret various financial ratios for a company, illustrating their significance in financial analysis.
9. Discuss the importance of dividend policy in maximizing shareholder wealth.
10. Analyze the advantages and disadvantages of debt financing versus equity financing for a company.
11. Explain the concept of portfolio management and its relevance to individual and institutional investors.
12. Discuss the impact of taxation on financial management decisions and strategies.
13. Explain the concept of working capital management and its significance for a company's liquidity and profitability.
14. Describe the factors that affect the cost of capital for a company and its importance in investment decisions.
15. Discuss the efficient market hypothesis (EMH) and its implications for investors and financial managers.
16. Analyze the role of financial derivatives in managing financial risk.
17. Explain the concept of mergers and acquisitions (M&A) and the financial considerations involved in such transactions.

18. Discuss the ethical considerations in financial management and decision-making.
19. Describe the key principles of international financial management and the challenges faced by multinational corporations.
20. Discuss the role of central banks and monetary policy in influencing financial markets and economic stability.