

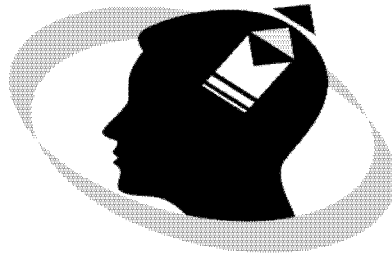
CA - INTER COURSE MATERIAL

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**DISCOVER MATERIAL ON THEORY QUESTIONS IN
FINANCIAL MANAGEMENT**

(COVERS PAST EXAM QUESTION PAPERS UPTO MAY – 2019)



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DISCOVER_2E / THEORY QUESTIONS IN FINANCIAL MANAGEMENT

WE HAVE INCLUDED THE PAST EXAM QUESTION PAPERS OF 7 RECENT ATTEMPTS UNDER CA IPCC & 3 RECENT ATTEMPTS UNDER CA INTER UPTO MAY 2019

1. SCOPE AND OBJECTIVE OF FINANCIAL MANAGEMENT**PART 1: DESCRIPTIVE QUESTIONS**

1. Explain the functions of chief financial officer. [M19 (O) – 5M]
2. Write two main objectives of Financial Management. [N18 (N) – 2M]
3. Write any two limitations of profit maximization objectives of financial management. [N18 (O) – 2M]
4. What are the roles of Finance Executive in Modern World? [M18 (N) – 2M]
5. What are the two main aspects of the Finance Function? [M18 (N) – 2M]
6. Explain the "Finance Function". [N17 (O) – 4M]
7. Discuss Emerging issues affecting the future role of Chief Financial Officer. [N16 (O) – 4M]

PART 2: DIFFERENCES QUESTIONS

[M17 (O) – 4M, M15 (O) – 4M]

8. Distinguish between "Profit maximization vs. Wealth maximization objective" of the firm.

2. TYPES OF FINANCING**PART 1: DESCRIPTIVE QUESTIONS**

1. What is the process of securitization. [M19 (N) – 4M]
2. Debt securitization [M19 (O) – 2M]
3. Explain in brief following Financial Instruments. [N18 (N) – 4M]
4. Euro Bonds ii) Floating Rate Notes iii) Euro Commercial paper iv) Fully Hedged Bond
5. Write a short note on seed capital assistance. [N18 (O) – 4M]
6. What are common methods of venture capital financing? [N18 (O) – 4M]
7. What are Masala Bonds? [M18 (N) – 2M]
8. What are the sources of short term financial requirement of the company? [M18 (N) – 4M]
9. State the different types of packing credit. [M18 (O) – 4M]
10. Explain 'Sale and Lease Back. [M18 (O) – 2M]
11. Explain the GDR and ADR. [M17 (O) – 4M]
12. What is debt securitization? Also state its advantages. [N16 (O) – 4M]
13. Write Short notes on Bridge Financing. [N16 (O) – 2M]
14. What is meant by venture capital financing? State its various methods. [N15 (O) – 4M]

PART 2: DIFFERENCES QUESTIONS

15. Distinguish between the following preference shares and debentures. [N15 (O) – 2M]

3. TIME VALUE OF MONEY**PART 1: DESCRIPTIVE QUESTIONS**

[M18 (O) – 4M]

Why money in the future is worth-less than similar money today? Give reasons and explain.

4. INVESTMENT DECISIONS (CAPITAL BUDGETING)**PART 1: DESCRIPTIVE QUESTIONS**

1. What is "Internal Rate of Return"? Explain. [N14 (O) – 4M]

2. Explain the term 'Payback reciprocal'. [MTP2 M18 (N) – 2M]
3. State Modified Internal Rate of Return method. [MTP1 M18 (N) – 2M]

PART 2: DIFFERENCES QUESTIONS

4. Distinguish between Net present value and Internal rate of return method. [N16 (O) – 4M]

5. CAPITAL STRUCTURE**PART 1: DESCRIPTIVE QUESTIONS**

[M16 (O) – 4M]

1. State the principles that should be followed while designing the capital structure of a company.
2. Write short notes on Assumptions of Modigliani & Miller Hypothesis. [N15 (O) – 4M]

6. LEVERAGES**PART 2: DIFFERENCES QUESTIONS**

1. Differentiate between Business risk and Financial risk. [M18 (O) – 4M, N17 (O) – 4M]

7. WORKING CAPITAL MANAGEMENT**PART 1: DESCRIPTIVE QUESTIONS**

1. Explain ageing schedule in context of monitoring of receivables. [N18 (O) – 4M]
2. Discuss the factors to be taken into consideration while determining the requirement of working capital. [M18 (O) – 4M]
3. What is "Bill Discounting"? How does it differs from "Factoring"? Explain. [N17 (O) – 4M]
4. What is factoring? Enumerate the main advantages of factoring. [M17 (O) – 4M]
5. Explain briefly the functions of Treasury Department. [N16 (O) – 4M]
6. Describe the three principles relating to selection of marketable securities. [M16 (O) – 4M]
7. Evaluate the role of cash budget in effective cash management system. [N15 (O) – 4M]
8. Discuss the risk-return considerations in financing current assets. [N15 (O) – 4M]
9. Explain the "Miller-orr cash management model". [M15 (O) – 4M]
10. Explain four kinds of float with reference to management of cash. [N14 (O) – 4M]

8. RATIO ANALYSIS**PART 1: DIFFERENCES QUESTIONS**

1. Write any four difference between cash flow statement and funds flow statement. [M19 (O) – 4M]

9. RISK ANALYSIS IN CAPITAL BUDGETING**PART 1: DESCRIPTIVE QUESTIONS**

1. Explain the steps of sensitivity analysis. [M19 (N) – 4M]
2. Explain any two steps involved in decision tree analysis. [M19 (N) – 2M]
3. Operating risk is associated with cost structure, whereas financial risk is associated with capital structure of a business concern. Critically examine this statement. [M19 (O) – 4M]
4. Write two main reasons for considering risk in Capital Budgeting decisions. [N18 (N) – 2M]
5. What is certainty Equivalent? [M18 (N) – 4M]

10. LEASE FINANCING**PART 1: DESCRIPTIVE QUESTIONS**

1. Give any two limitations of leasing. [M19 (N) – 2M]

2. Discuss the Advantages of Leasing.

[N18 (N) – 4M]

PART 2: DIFFERENCES QUESTIONS

3. Explain the difference between Financial Lease and Operating Lease.

[RTP (N)– N18]

4. Distinguish between financial lease and operating lease

[M19 (O) – 4M]

11. DIVIDEND DECISIONS

PART 1: DESCRIPTIVE QUESTIONS

1. State two advantages of Walter Model of Dividend Decision.

[MTP1 N18 (N) – 2M]

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