FINANCIAL MANAGEMENT
CAPITAL BUDGETING

THEORY

Q1. Write short notes on:

a) Wealth maximization,
b) Capital Rationing,
c) Risk Return Trade off,
d) Perpetuity,
e) Financial Market,
f) Functions of Finance Manager,
g) Annuity Due,
h) Internal Rate of Return,
i) Effective Rate of Return,
j) Reinvestment Rate Assumption.

Q2." The Finance Manager has no role to play in a dot.com company". Comment.

Q3. What are the major differences between accounting and finance?

Q4. What is Capital Budgeting Decision? Why is it significant for a firm?

Q5. What are the major types of financial management decisions that business firms make? Describe each one of them.

Q6. Why is the consideration of time important in financial decision making? How can time be adjusted?

Q7. What is Profitability Index? Which is a superior ranking criterion – Profitability Index or Net Present Value?

Q8. " The corporate firm will attempt to maximize the shareholder's wealth by taking actions that increase the current value per share of existing stock of the firm." Comment.

Q9." Growth is a realistic objective of a joint stock company for financial decision making". Comment.

Q10. Explain the distinctive features of capital budgeting decisions.