

Total number of printed pages-4

**47 (4) FNMN 4-3**

**2023**

**FINANCIAL MANAGEMENT**

Paper : 4-3

Full Marks : 80

Time : Three hours

***The figures in the margin indicate  
full marks for the questions.***

1. Answer the following :  $1 \times 10 = 10$

(A) Fill in the blanks :

(i) According to MM theory, the total value of the firm is \_\_\_\_\_.

(ii) EPS stands for \_\_\_\_\_.

(iii) Degree of operating leverage = \_\_\_\_\_.

(iv) The basic objective of financial management is \_\_\_\_\_.



(v) A fixed rate of \_\_\_\_\_ is payable on debentures.

(B) State whether True **or** False :

(vi) Profit is a barometer for measuring the performance of a business.

(vii) Debentureholders are not the owners of the company.

(viii) Nature of business does not influence the working capital.

(ix) A company should follow on ad-hoc dividend policy.

(x) Shareholders carry voting rights.

2. Answer the following : 2×5=10

(a) Define Financial Management.

(b) What is time value of money?

(c) State *two* features of equity shares.

(d) What is EOQ?

(e) What is cost of capital?



3. Answer the following : **(any four)**

5×4=20

- (a) Briefly explain the objectives of financial management.
- (b) Explain the responsibilities of a finance manager.
- (c) Briefly explain the different types of dividend policies.
- (d) Differentiate between Wealth maximization and Profit maximization.
- (e) Write a note on MM Hypothesis.
- (f) Write a note on ABC Analysis.

4. Answer the following : **(any five)**

8×5=40

- (a) Describe the *three* main decisions to be taken under financial management.
- (b) Discuss the traditional and modern method of capital budgeting.
- (c) Explain the different types of debentures.



(d) What is working capital? Explain the factors affecting the determination of working capital requirements.

2+6=8

(e) What is over-capitalization? Explain the causes, effects and remedies of over-capitalization.

2+2+2+2=8

(f) What is receivables management? Mention the objectives of receivables management.

2+6=8

(g) Briefly explain the concept of 'Ploughing Book of Profits'.

(h) Discuss the features or characteristics of Financial Management.

(i) Explain the MM model of dividend decision. Also discuss the *four* assumptions of MM model of dividend decision.

4+4=8