

WORKSHEET [A] BUSINESS STUDIES
CLASS 12
Chapter –FINANCIAL MANAGEMENT

1. A company wants to establish a new unit in which a machinery worth Rs.10 lakhs is involved. Identify the type of decision involved in financial management.
2. A decision is taken to raise money for long term capital needs of the business from certain sources. What is this decision called ?
3. A decision is taken to distribute certain parts of the profit to shareholders after paying tax. What is this decision called?
4. Name the source of finance carrying two fixed obligations viz., interest and redemption.
5. In Case of inflation, does an enterprise need more or less of the working capital?
6. Identify the decision taken in financial management which affects the liquidity as well as the profitability of business.
7. State why the working capital needs for a service industry are different from that of a manufacturing industry.
8. To avoid the problem of shortage and surplus of funds what is required in financial management? Name the concept and explain its any three points of importance.
9. State the factors which affect the capital structure of a company.
10. Why is Financial Planning done?
11. Length of Production cycle affects the working capital requirements of an organization. Explain how?
12. 'Primary objective of financial management is to maximize the wealth of shareholders'. Explain.
13. The directors of a manufacturing company are thinking of issuing Rs. 20 lacs additional debentures for expansion of their production capacity. This will lead to an increase in debt-equity ratio from 2:1 to 3:1. What are the risks involved in it?
14. A businessman who wants to start a manufacturing cocern, approaches you tosuggest him whether the following manufacturing cocern would require large or small working capital: (a) Bread, (b) Coolers, (C) motor Car.
15. You are the finance manager of a newly established company. The directors of the company have asked you to plan the capital structure of the company. State any four factors that you would consider while planning the capital structure.
16. How Stock market conditions affect the capital struceture specially when company is planning to raise additonal capital?