

- Q.24 Explain Average rate of Return method of capital budgeting.
- Q.25 Discuss the risk and cost associated with over inventory?
- Q.26 What is liquidity Ratio. Explain it by giving example.
- Q.27 What do you mean by capital budgeting decision?
- Q.28 Explain EOQ by giving an example.
- Q.29 What is internal Rate of Return? How it is calculated.
- Q.30 Explain ABC Technique of Inventory management.
- Q.31 Write note on (I)LIFO (II) FIFO.
- Q.32 Write down the limitations of ratio analysis.
- Q.33 Explain stock turnover ratio.
- Q.34 Explain the objectives of financial management.
- Q.35 What do you mean by time value of money.

#### SECTION-D

- Note:** Long answer type questions. Attempt any two questions out of three questions. (2x10=20)
- Q.36 Write note on any three (I)Shares (ii) Debenture (iii) Bank Loan (iv) Retained Earnings
- Q.37 What do you mean by capital budgeting decision? Discuss its importance and difficulties faced by concern while taking capital budgeting decision.
- Q.38 What do you understand by financial management? Discuss the qualities and qualification of a finance manager.

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#### 5th Sem / Branch : Fin., Acc. & Aud. Sub.: Financial Management

Time : 3Hrs.

M.M. : 100

#### SECTION-A

**Note:** Multiple choice questions. All questions are compulsory (10x1=10)

- Q.1 Business finance is required for which of the following function.
- Establish a new business
  - Expand and diversity a business
  - Running day to day operational activities
  - All of the above
- Q.2 Solvency position of the concern can be checked by
- Debt to asset ratio
  - Debtor turnover ratio
  - Quick ratio
  - All of the above
- Q.3 Which of the following factors affects financial decision
- Cost
  - Risk
  - Cash flow positions
  - All of the above
- Q.4 Rate of return on capital is exceptionally high in
- Under capitalization
  - Over capitalization
  - Working capital
  - Fixed capital
- Q.5 The only feasible purpose of financial management is

- a) Wealth maximisation
  - b) Sales maximization
  - c) Profit maximisation
  - d) Assets maximization
- Q.6 The ideal level of current ratio is
- a) 4:2                                      b) 2:1
  - c) Both A & B                              d) None of above
- Q.7 Finance function comprises
- a) Safe custody of funds only
  - b) expenditure of funds only
  - c) Procurement of funds only
  - d) Procurement & effective use of funds
- Q.8 Liquid ratio is also known as
- a) Quick ratio                              b) Current ratio
  - c) Stock turnover ratio      d) Asset ratio
- Q.9 Capital budgeting is related to
- a) Long term assets
  - b) Short term assets
  - c) Long term & short term assets
  - d) Intangible assets
- Q.10 Functions of financial management
- a) Planning                              b) Organizing
  - c) Controlling                              d) All of the above

### SECTION-B

**Note:** Objective type questions. All questions are compulsory. (10x1=10)

- Q.11 The modern approach to finance function expresses broader view than traditional approach. (True/False)

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- Q.12 Financing decision is concerned with the selection of assets in which investment is made (True/ False)
- Q.13 Ambiguity is one of the limitations of profit maximization approach. (True/False)
- Q.14 Redeemable preference share can be redeemed at the option of the company after a fixed period of time. (True/False)
- Q.15 Debenture is a written certificate issued by the company for the acceptance of debt. (True/False)
- Q.16 NPV method does take into account time value of money (True/False)
- Q.17 Debt ratio can be used to check the liquidity position of the company (True/False)
- Q.18 Ordering cost is the costs of stocking the goods. (True/False)
- Q.19 ABC analysis is a technique of controlling the items of inventory (True/False)
- Q.20 If  $PI > I$ , then the project will be rejected (True/False)

### SECTION-C

**Note:** Short answer type questions. Attempt any twelve questions out of fifteen questions. (12x5=60)

- Q.21 Discuss the functions of financial management.
- Q.22 “Finance is the life blood of the business.” Elucidate this statement.
- Q.23 Explain payback period method of capital budgeting.

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