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TED (15) – 4252
(REVISION — 2015)

Reg. No.
Signature

**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/
MANAGEMENT/COMMERCIAL PRACTICE — APRIL, 2018**

FINANCIAL MANAGEMENT

[Time : 3 hours]

(Maximum marks : 100)

PART — A

(Maximum marks : 10)

Marks

I Answer *all* questions in one or two sentences. Each question carries 2 marks.

1. Define financial planning.
2. Write the meaning of finance.
3. List out any four uses of ratio analysis.
4. State the concept of trading on equity.
5. Write the meaning of capital structure.

(5 × 2 = 10)

PART — B

(Maximum marks : 30)

II Answer any *five* of the following questions. Each question carries 6 marks.

1. Explain the objects of financial analysis.
2. Compare modern and traditional concept of finance.
3. State the factors affecting capital investment decisions.
4. Differentiate under capitalization and over capitalization.
5. Describe the functions of SIDBI.
6. State the components of financial plan.
7. The only current assets possessed by a firm are :

Cash	105000
Inventories	560000
Debtors	420000

If the current ratio of firm is 2 : 1, determine its current liabilities.

(5 × 6 = 30)

PART — C

(Maximum marks : 60)

(Answer *one* full question from each unit. Each full question carries 15 marks.)

UNIT — I

- III (a) Explain the advantages of financial plan. 9
 (b) Describe the factors considering while drafting a financial plan. 6

OR

- IV (a) Explain the functions of financial management. 9
 (b) Describe the goals of financial management. 6

UNIT — II

- V (a) Explain the short term source of finance. 8
 (b) Distinguish between share and debentures. 7

OR

- VI (a) Explain the features of equity shares. 6
 (b) Describe different types of preference shares. 9

UNIT — III

- VII (a) State the theories of capitalization. 6
 (b) Explain factors affecting capital structure. 9

OR

- VIII (a) Explain the advantages of payback period. 8
 (b) Home Ltd. manufactures only one product 'A'. The single raw material used in making 'A' is 'Y'. For each unit of 'A' manufactured 12 unit of 'Y' are required. Assume that the company manufacture 15000 units per annum. It costs ₹ 200 each time order is placed for 'Y' and that the carrying cost is ₹ 8 per unit of 'Y' per year. You are required to calculate :
 (i) EOQ of 'Y'
 (ii) Total cost of inventory for the quantity
 (iii) How many times per year would inventory be ordered. 7

UNIT — IV

- IX (a) Explain the limitations of ratio analysis. 9
 (b) The working capital of ABC Ltd. in recent years as follows :

Current assets	Amount	Current liabilities	Amount
Inventories	560000	Creditors	490000
Debtors	350000	Bank loan	210000
Cash	70000		

Compute the current and quick ratio. 6

OR

- X Explain different types of ratios. 15