2014

Time: 3 hours
Full Marks: 80

Group A
(Objective-type Questions)

Candidates are required to give their answers in their own words as far as practicable.
The questions are of equal value.
Answer from both the Groups as directed.

Group A Answer all questions.

1. Choose the correct answer of the following:

   \[ 2 \times 10 = 20 \]

   (a) The term current assets do not include:

   (i) Cash
   (ii) Stock in trade
   (iii) Advance payments
   (iv) Furniture

   (Turn over)
(b) Bank account is a:
   (i) Personal Account
   (ii) Real Account
   (iii) Nominal Account
   (iv) None of these

(c) Goodwill account is a:
   (i) Nominal Account
   (ii) Real Account
   (iii) Personal Account
   (iv) None of these

(d) Which of the following is a current liability?
   (i) Long term loans
   (ii) Share capital
   (iii) Outstanding wages
   (iv) Debentures

(e) Which of the following is not a source of fund?
   (i) Purchase of Machinery
   (ii) Profit earned during the year

(f) Basic concept of Financial Management:
   (i) Profit maximisation
   (ii) Wealth maximisation
   (iii) Procurement of fund
   (iv) Procurement and effective utilisation of funds

(g) A budget is prepared for:
   (i) Future events
   (ii) Past events
   (iii) Present events
   (iv) None of these

(h) Net worth of a business means:
   (i) Equity capital
   (ii) Total assets
   (iii) Total assets minus total liabilities
   (iv) Fixed assets minus current assets

NR-13/2 (2) Contd.
(i) Current ratio is a :
   (i) Balance Sheet Ratio
   (ii) Profit and Loss Ratio
   (iii) Combine Ratio
   (iv) None of these

(j) Balance Sheet shows the :
   (i) Financial position of a business
   (ii) Balance of all accounts
   (iii) Net profit earned during the year
   (iv) None of these

  Group – B
  (Long-answer Type Questions)

Answer any four questions of the following :

15x4 = 60

2. Describe the essential steps of a budgetary control system.

3. Why the Inventory Management is important?
   Explain the objectives of inventory management.

4. Define Financial Management and discuss its main functions.

5. The following data are available from the records of a company:
   Sales — Rs. 60,000
   Variable Cost — Rs. 30,000
   Fixed Cost — Rs. 15,000
   Calculate (a) P/V Ratio (b) Break-Even Point and (c) Margin of safety

6. From the following informations, calculate (a) current ratio (b) quick ratio :

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Rs.</th>
<th>Current Liabilities</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td>5,60,000</td>
<td>Creditors</td>
<td>4,00,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>3,50,000</td>
<td>Bank loans</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>40,000</td>
<td>Bills payable</td>
<td>1,00,000</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>30,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Examine the role of Financial Management in Modern Business.

8. What do you mean by Ratio Analysis? Discuss its significance and limitations.

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(4) Contd.
9. Define funds flow statement and discuss its uses for management.