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BHMCT (Sem.-8)
FINANCIAL MANAGEMENT
Subject Code : BH-420
M.Code : 14598

Time : 3 Hrs.

Max. Marks : 30

INSTRUCTION TO CANDIDATES :

1. **SECTION-A is COMPULSORY consisting of TEN questions carrying ONE mark each.**
2. **SECTION-B contains FIVE questions carrying 2½ (Two and Half) marks each and students has to attempt any FOUR questions.**
3. **SECTION-C contains THREE questions carrying FIVE marks each and students have to attempt any TWO questions.**

SECTION-A

1. Answer briefly :

- a) What is ratio?
- b) What is a net profit ratio?
- c) Enlist the various functions of management accounting?
- d) When does flow of funds take place?
- e) Name liquidity ratios?
- f) Is depreciation a source of funds?
- g) Give any three examples of current assets.
- h) What are the sources of cash inflows?
- i) What is meant by financial risk?
- j) What is fixed capital?

SECTION-B

2. Explain the factors which determine the working capital needs of a firm?
3. Define Ratio Analysis? List out four advantages of ratio analysis.
4. Distinguish between funds flow and cash flow statement?
5. Write a short note on the origin or emergence of management accounting.
6. A business has a current ratio of 3:1 and quick ratio of 1:2:1. If the working capital is Rs. 1,80,000, calculate the total current assets, total current liabilities and value of stock.

SECTION-C

7. “Budget is an aid to management not a substitute for management”. Comment.
8. Seema Ltd had a profit of Rs 20,00,000 for the year ended 31.3.2018 after considering the following :

Depreciation on building	Rs. 55,000
Depreciation on Plant & machinery	Rs. 37,000
Goodwill written off	Rs. 14,000
Loss on sale of Plant & machinery	Rs. 8,000

Following was the position of current assets and current liabilities as on 31-3-2017 and 31-3-2018

	31.03.2017 (Rs)	31.03.2018 (Rs.)
Stock	65,000	69,000
Debtors	40,000	25,000
Cash	47,000	74,000
Creditors	94,000	1,03,000
Outstanding expenses	5,000	3,000
Bills payable	49,000	58,000

Calculate cash flow from operating activities.

9. The following are the Balance sheets of Paschim Corporation Ltd as on 31st December 2017 and 2018 :

Balance sheets of Paschim Corporation Ltd.

Liabilities	2017	2018	Assets	2017	2018
11% Pref Shares	-	30,000	Land & Building	60,000	50,000
Equity Shares	1,10,000	1,20,000	Plant & Machinery	30,000	50,000
General Reserve	4,000	4,000	Sundry Debtors	40,000	48,000
Profit & Loss A/c	2,000	2,400	Stock	60,000	70,000
9% Debentures	12,000	14,000	Bank	2,400	7,000
Provision for taxation	6,000	8,400	Cash	600	1000
Proposed dividend	10,000	11,600			
Current liabilities	49,000	35,600			
	1,93,000	2,26,000		1,93,000	2,26,000

You are required to prepare a Schedule of changes in working capital and Statement of flow of funds.

NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.