

# **FINANCIAL MANAGEMENT : 2008**

## **(Old and New Course - 119)**

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### **UNIT - 1**

1. What is finance function ? Discuss its meaning and scope.  
State finance functions of business.

**OR**

State the advantages and organization of finance function.

### **UNIT - 2**

2. Write notes on the following :

(a) Marginal Costing      (b) Common Size Statement

**OR**

Prepare a schedule of working capital changes and funds flow statement with imaginary details of comparative balance sheet and additional information. <http://prsuonline.com>

### **UNIT - 3**

3. Discuss the process of computing solvency ratios and activity ratios. Discuss their utility also.

**OR**

Comment on the following ratios of two companies :

	X Co.	Y Co.
Gross Profit Rate	25 %	20 %
Net Profit Ratio	12 %	15 %
Operating Profit Ratio	15 %	12 %
Inventory Turnover Ratio	5	6
Current Ratio	3.1	2.8
Quick Ratio	1.8	1.0
Average Collection Period	30	35
Fixed Assets Turnover Ratio	5	3
Debt - Equity Ratio	2	2.5
Return on Inventory	11 %	10 %

Which of the above companies is better ?

### **UNIT - 4**

4. Discuss the following : (a) Cycle of working capital (b) Techniques of Inventory control (c) Receivables management

**OR**

- (a) Write a note on cash management.  
(b) Discuss briefly the process of forecasting working capital.

**UNIT - 5**

5. What is net present value method of evaluating capital expenditure proposals ? Discuss its process, advantages and limitations.

**OR**

Write notes on the following : (a) Payback period method  
(b) Accounting rate of return method

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