



Biyani Girls College
I Internal Examination 2019-20
B.COM. (II Year)
Subject- Financial management

Time: 1.30 Hrs.

Set: A

MM: 40

[I] Multiple Choice Questions

(10*1=10)

- 1) Finance functions are
 - a) Planning of funds
 - b) Raising of funds
 - c) Allocation of funds
 - d) all of the above
- 2) Financial management process deals with
 - a) Investments
 - b) Financing decisions
 - c) Both a and b
 - d) None of the above
- 3) The objective of wealth maximization takes into account
 - a) Amount of returns expected
 - b) Timing of anticipated returns
 - c) Risk associated with uncertainty of returns
 - d) All of the above
- 4) For a healthy business the current ratio lies between
 - a) 0 to 1.5
 - b) 1.5 to 3
 - c) 3 to 4.5
 - d) 4.5 to 6
- 5) The assets held by a business which can be converted in the form of cash
 - a) Tangible assets
 - b) Intangible assets
 - c) Fixed assets
 - d) Current assets
- 6) Current assets are also referred to as
 - a) Working capital
 - b) Investments
 - c) Inventory
 - d) Livestock
- 7) Example of fictitious assets is
 - a) Debit balance of P&L A/C
 - b) Goodwill
 - c) Patent
 - d) None
- 8) Example of Intangible assets is
 - a) Fixed asset
 - b) Goodwill
 - c) cash
 - d) None
- 9) Write down the formula of EOQ.
- 10) What is ideal absolute liquidity ratio?

[II] Long type Questions:

(10*3=30)

- 1) From the following information, compute operating cycle period and working capital required.

Period covered	365 days
Average period allowed by suppliers	16 days
Debtors outstanding	Rs.48000
Raw material consumption	Rs.440000
Total production cost	Rs1000000
Total cost of sales	Rs1050000
Sales for the year	Rs1600000

Value of Average stock maintained:

Raw material	Rs32000
WIP	Rs35000
Finished Goods	Rs26000

2) The following information is given about an inventory problem :

Annual usage	12000 units
Ordering cost	Rs.12 per order
Cost	Rs.1 per unit
Carrying cost	24% of cost
Safety stock	30 days consumption
Lead time	15 days

The factory works for 360 days in year

Calculate:

1. EOQ
 2. Re- order level
 3. Safety stock
- 3) The following information of Sharda Ltd. are given for the year ended 31st March, 2019:

Inventory turnover ratio	8 times
Revenue from operations -	Rs. 400000
GP ratio	20% of sales
Creditors	Rs.25000
Debtors	Rs.40000

Closing inventory is Rs.10000 more than the opening inventory.

Compute:

1. Average inventory
2. Purchases
3. Average payment period