

EAFM
B.com Part-II
Paper-II
Elements of Financial Management

Very Short Type Questions: -

- (1) What is Finance Function?
- (2) Give any two functions of Balance Sheet.
- (3) What do you mean by “ Key Factor”?
- (4) Define financial forecasting.
- (5) What do you mean by bonus share?

Short Type Questions: -

- (1) “Finance is a life blood of business.” Elucidate.
- (2) Find the value of assets from the following:
 - (i) Current Liabilities - Rs. 50,000
 - (ii) Fixed Liabilities - Rs. 2,00,000
 - (iii) owner’s Equity - Rs. 5,00,000
- (3) Write any four objectives of financial planning.
- (4) Write four points of demerits of trade credit.
- (5) What are the basic characteristics of Debentures?

Essay Type Questions: -

- (1) Write short notes on the following: -
 - (i) Comparative Statements
 - (ii) Common-size Statements
 - (iii) Trend Analysis
- (2) The following data are being taken from the records of Birla Limited as on 30th June,2019: -

Cash - Rs.25,000 Debtors(net) - Rs.12,000 Inventory - Rs. 8,000 Bills Payable - 3,000 Sales - Rs. 53,000 Purchases - Rs. 34,000 Prepaid Expenses - Rs. 2,000 Creditors - Rs. 12,000 Purchase Returns - Rs. 750.

On the basis of above information, compute the following: -

- (a) Working Capital Ratio
- (b) Acid-Test Ratio
- (c) Inventory Turnover
- (d) Receivable Turnover
- (e) Average Payment Period

(3) Clearly explain the meaning and significance of funds flow statements. How is the funds flow statement prepared?

(4) Explain the following terms: -

- (i) Contribution
- (ii) Break - Even Point
- (iii) Margin of Safety
- (iv) Profit Volume Graph

(5) Following data relates to Surekha & Company for the year, 2018-19:

Present Volume of Output - 10,000 Units

Present sales Revenue @ Rs. 2.50 p.u. - Rs. 25,000

Variable Costs @ Rs. 1.50 p.u. - Rs. 15,000

Fixed Costs - Rs. 5,000

You are required to calculate the break-even point and also state the profit at the sales of Rs. 25,000 and Rs. Rs. 20,000.

(6) “ Planning ahead to meet the future cash requirements of a business is the foremost pre-condition for its successful operations.” Discuss this statement. Also explain the various techniques employed in forecasting financial needs of a firm.

(7) What is the operating cycle concept of working capital? How will you determine the amount of working capital under this method?

(8) What is meant by Inventory? Explain different techniques used for inventory control.

- (9) What is meant by dividend policy? Examine the various factors determining the sound dividend policy of a business enterprise.
- (10) Describe the short term sources of funds available in india.