

**Dr. Babasaheb Ambedkar Open University**  
Term End Exam August – 2010

Course Code : DFM-02 Roll No. \_\_\_\_\_  
 Subject : Basic Understanding of Financial Management  
 Date : 02-08-2010 Marks : 70  
 Time : 03:00 to 06:00

Note : All questions carry equal marks.

Que 1: Explain the following concept. (14)

- 1) Going concern concept
- 2) Dual Aspect concept
- 3) Entity concept

OR

- 1) Periodicity concept
- 2) Cost concept
- 3) Conservatism concept

Que 2: Explain utility and Limitation of Ratio analysis. (14)

OR

The following are the trading and profit and loss accounts of XYZ Ltd. for the years ended 31/12/2006.

	Rs.		Rs.
To opening stock	150000	By sales	2200000
To purchases	1790000	By closing stock	180000
To gross profit	440000		
	2380000		2380000
To administrative expenses	250000	By Gross profit	440000
To selling exps.	52000		
To Debenture interest	10000		
Depreciation	18000		
Provision for tax	55000		
Net profit	55000		
	440000		440000

(P.T.O)

Calculate following Ratio

- 1) Gross profit ratio
- 2) Net profit ratio
- 3) Operating Ratio
- 4) Stock turn over Ratio

Que 3: Explain payback Method and net present value Method. (14)

OR

Explain the concept of decision tree in detail?

Que 4: Write difference between Fund flow statement and Cash flow statement? (14)

OR

Discuss about Financial Lease and Operating Lease.

Que 5: Write a detail note on Zero base budgeting. (14)

OR

Write note on

- 1) Mutual Fund
- 2) Credit Card

[www.StudyGuideIndia.com](http://www.StudyGuideIndia.com)