Dr. Babasaheb Ambedkar Open University
Term End Examination January-2013

Course : Diploma in Financial Management **(DFM)**

Roll No : ________________

Subject : Basic Understanding of Financial Management **(DFM-01)**
Date : **27/01/2013**
Time : **11.00 to 02.00**
N.B. : All Questions carry equal Marks **Total Marks : 70**

Q.1 Explain Traditional and Modern approach of Financial Management. **(14)**

OR

Write a note on differet types of Financial Markets.

Q.2 What is Prefence Shares? Discuss different types of Preference Shares. **(14)**

OR

Discuss various forms of Business Organization.

Q.3 **Explain:** (i) Public company and (ii) Private Company **(14)**

OR

Explain: (i) Direct Taxes and (ii) Indirect Taxes

Q.4 **Write a note on:** (i) Sweat Equity Shares
(ii) Commercial Papers **(14)**

OR

Write note on: (i) Trade Credit
(ii) Right Issues

Q.5 **Write Short Note: (Any two)** **(14)**

1. Debentures.
2. Functions of Financial Manager.
3. Negotiated Sources of short term finance.
4. Stock Option.

Dr. Babasaheb Ambedkar Open University
Term End Examination January-2013

Course : Diploma in Financial Management **(DFM)**
Roll No : __________________
Subject : Project Appraisal and Analytical Tools **(DFM-02)**
Date : **27/01/2013**
Time : **03.00 to 06.00**
N.B. : All questions carry equal Marks. **Total Marks : 70**

Q.1 Explain basic conventions and Principles underlying Financial Accountng. **(14)**

OR

Explain various types of Balance sheet Ratios.

Q.2 Rucha Ltd. Is consideting two development projects each requires an investment of Rs. 5,20,000. Cash flow from both projects are projected as follows:- **(14)**

At the end of years	Project No. 1 (Rs.)	Project No. 2 (Rs.)
1	1,30,000	2,60,000
2	1,85,000	2,50,000
3	1,87,500	65,500
4	1,25,000	62,500

Determine (i) Pay back Period and (ii) Net Present Value of both Project and give your suggestions. The present value of a rupee at 5% discount is as follows:

First Year	Rs. 0.9524
Second Year	Rs. 0.9070
Third year	Rs. 0.8638
Fourth year	Rs. 0.8227

OR

Explain Social Cost Benefit Analysis and Capital Rationing.

Q.3 Explain any three teachniques to deal with Risk. **(14)**

OR

A Company is considering a proposal to buy one of the two machines to manufacture a new Product. Each of the machines requires investments of Rs. 50,000 and is expecte to provide benefits over a period of 12 years. The firm has made 'Pessimistic', 'Most Likely', and 'Optimustic' estimates of the returns associated with each of these alternatives. The estimaters are as follows:

Particulars	Machine-A	Machine-B
Cost	50,000	50,000
Cash flow estimates:		
Pessimistic	8,500	0
Most Likely	12,500	10,000
Optimistic	16,000	20,000

Assuming 14% cost of capital, which Project do you consider more risky and why?

P.T.O

Q.4 Explain uses and limitations of Funds Flow Statement. **(14)**

OR

Explain uses and limitations of Cash Flow Statement.

Q.5 **Write Short Note: (Any Two)** **(14)**

1. Operating Lease.
2. Zero-Base Budgeting.
3. Factoring Services.
4. Credit Rating.

Dr. Babasaheb Ambedkar Open University
Term End Examination January-2013

Course : Diploma in Financial Management **(DFM)**

Roll No :__________________

Subject : Policy Matters Financial Management **(DFM-03)**
Date : **29/01/2013**
Time : **11.00 to 02.00**
N.B. : All questions carry equal Marks. **Total Marks : 70**

Q.1 Explain divided Yield method of calculating cost of capital. **(14)**

OR

Write the formulas to be used for calculating cost of capital for redeemable and irredemable preference shares.

Q.2 State the needs for studing various types of Leverages. **(14)**

OR

Explain the concept of Break even analysis in Leverage analysis.

Q.3 Explain arbitrages process in MM theory in capital structure studies. **(14)**

OR

State the various factors which can affect in determining capital structure.

Q.4 What is dividend? What are the types of dividend. **(14)**

OR

Explain Walter's share valuation model with its assumptions.

Q.5 **Write Short Note : (Any Two)** **(14)**

1. Net Operating theory in capital structure.
2. Optimum Capital Structure.
3. Bird in hand theory.
4. Marginal Cost of Capital.

Dr. Babasaheb Ambedkar Open University
Term End Examination January-2013

Course : Diploma in Financial Management **(DFM)**

Roll No : ____________

Subject : Working Capital Management **(DFM-04)**
Date : **29/01/2013**
Time : **03.00 to 06.00**
N.B. : All questions carry equal Marks. **Total Marks : 70**

Q.1 Write a detail note on the Factors determining working capital requirement? **(14)**

OR

Explain the concept of operating cycle with its usefulness.

Q.2 Amar Ltd. contemplating to increase the credit period from 45 days to 72 days. At present the average collection period is 60 days, which is expected to increase to 90 days. It is also expected the bad debts will increase from the curreut level of 3% to 5% of sales the credit sale which is at present 19,000 units is expected to increase to 21,000 units. The average cost per unit is Rs. 16 the selling price is Rs. 21 and variable cost per unit is 13. The expected rate of return of the firm is 22%.
State whether the firm should extend the credit policy. **(14)**

OR

Explain the concept of 'Over capitalization' and 'Under capitalization'.

Q.3 Explain the ABC analysis of receivable? **(14)**

OR

Write a note on factoring services in case of Receivable Management?

Q.4 Thw annual inventory of a P4X Ltd is 40,000 units. The ordening cost is Rs. 150 order Its carrying cosr per unit is Rs. 1.20 per unit.
Suppose the ordering quantity is as follows. **(14)**
(1) 40000 units, (2) 20000 units, (3) 10000 units (4) 7500 units
(5) 5000 units (6) 2500 units
Determine the following on the basis of above information.
(1) Ordering cost (2) Carrying cost (3) Average inventory (4) Economic Ordering (5) Quantity.

OR

Explain the concept of Economic order Quantity with Graphical Method?

Q.5 Explain terms, Re-order level, Minimum level, Maximum level and Average level in Inventory Management. **(14)**

OR

Write a note on the advantages of preparation of Cash Budget?
