

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination June-2014**

**Course** : Diploma in Financial Management (DFM) **Numerical Code: 0027**  
**Roll No** : \_\_\_\_\_  
**Subject** : Basic Understanding of Financial Management (DFM-01) **Numerical Code: 0175**  
**Date** : 23/07/2014  
**Time** : 11.00 to 02.00  
**N.B.** : All Questions carry equal Marks **Total Marks : 70**

---

**Q.1** Explain three types of decisions, a financial manager has to take in modern business environment. **(14)**

**OR**

Discuss various functions of financial manager.

**Q.2** Discuss various forms of business organization. **(14)**

**OR**

Write a note on direct taxes and Indirect taxes.

**Q.3** What is working capital? Discuss sources of financial for working capital. **(14)**

**OR**

What is Debentures? Discuss various types of Debentures.

**Q.4** **Explain:** (i) Preference shares **(14)**  
(ii) Warrants

**OR**

**Explain:** (i) Security for short term financing  
(ii) Private company

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

1. Financial Market
  2. Time value of money
  3. Commercial papers
  4. Shares issued for consideration other than cash
-

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination June-2014**

**Course** : Diploma in Financial Management (DFM) **Numerical Code: 0027**  
**Subject** : Project Appraisal and Analytical Tools (DFM-02) **Roll No** : \_\_\_\_\_  
**Date** : 23/07/2014 **Numerical Code: 0176**  
**Time** : 03.00 to 06.00  
**N.B.** : All questions carry equal Marks. **Total Marks : 70**

**Q.1** Explain Various types of Balance sheet Ratios. (14)

**OR**

Explain the net present value method along with its merits and limitations.

**Q.2** From the statement, rearrange them for analysis and find out Ratio. (14)

- (1) Current Ratio      (2) Acid-test Ratio (Liquid Ratio)      (3) Stock turnover Ratio  
(4) Operating Ratio      (5) Debtors Ratio and Debtors turnover

Balance sheet as on 31-03-2012

Liability	₹	Assets	₹
Share capital	50,000	Land Building	50,000
General reserves	40,000	Plant Machinery	20,000
Profit and loss A/c	15,000	Stock	15,000
Sundry creditors	20,000	Debtors	25,000
		Cash	15,000
	1,25,000		1,25,000

Profit and Loss accounting for year ending 31-3-2012

Particulars	₹	Particulars	₹
To Opening Stocks	25,000	By sales	1,80,000
To Purchases	1,05,000	By closing stocks	15,000
To Gross Profit	65,000		
	1,95,000		1,95,000
To Advertisement Exps.	23,000	By Gross Profit	65,000
To selling Expenses	8,000	By Profit on select	
To Financial Expenses	4,000	Fixes assets	5,000
To Net Profit	35,000		
	70,000		70,000

**OR**

Explain the concepts of decision tree in detail.

**Q.3** Write a note on the benefits and limitations of fund flow statement! (14)

**OR**

Write a detail note on the difference between fund flow statement and cash flow statement.

**Q.4** Explain any three techniques to deal with risk. (14)

**OR**

Write a detail note on the advantages and limitations of budgeting.

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

1. Zero base budgeting
2. Credit Rating
3. Venture capital services
4. Discounted payback period method

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination June-2014**

<b>Course</b>	: Diploma in Financial Management (DFM)	<b>Numerical Code: 0027</b>
	<b>Roll No</b>	: _____
<b>Subject</b>	: Policy Matters Financial Management (DFM-03)	<b>Numerical Code: 0177</b>
<b>Date</b>	: 24/07/2014	
<b>Time</b>	: 11.00 to 02.00	
<b>N.B.</b>	: All questions carry equal Marks.	<b>Total Marks : 70</b>

---

**Q.1** Explain capital asset price method of calculating cost of capital. (14)

**OR**

Explain the concept of weighted average cost of capital.

**Q.2** Explain the term operating leverage and financial leverages. (14)

**OR**

Explain the concept of Break-even analysis in leverage analysis.

**Q.3** Explain debt-Equity analysis in capital structure. (14)

**OR**

Explain the effects of cost factor and risk factor in determining capital structure.

**Q.4** Explain the factors considered while determining dividend policy. (14)

**OR**

Explain the constant payout ratio as dividend policy.

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

1. Optimum capital structure
  2. Importance of capital structure
  3. Bird in hand theory
  4. Dividend growth method
-

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination June-2014**

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

**Numerical Code: 0027**

**Roll No** : \_\_\_\_\_

**Subject** : Working Capital Management (DFM-04)

**Numerical Code: 0178**

**Date** : 24/07/2014

**Time** : 03.00 to 06.00

**N.B.** : All questions carry equal Marks.

**Total Marks : 70**

---

**Q.1** Explain the concept of Gross and Net working capital and discuss its basic objectives. (14)

**OR**

Discuss various strategies in working capital management.

**Q.2** What is Receivables? Discuss various costs involved in receivables. (14)

**OR**

Discuss the process of receivable management.

**Q.3** Discuss economic Order Quantity. (14)

**OR**

Explain ABC system of Inventory control.

**Q.4** What is Management of cash? Discuss needs for holding cash. (14)

**OR**

Discuss cash budget as tool of cash management.

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

1. Operating cycle concept of working capital
  2. Over capitalization and under capitalization
  3. FNSD Analysis
  4. Credit Policy
-