

Dr. Babasaheb Ambedkar Open University
Term End Examination February-2015

Course	: Diploma in Financial Management (DFM)	Numerical Code: 0027
		Roll No: _____
Subject	: Basic Understanding of Financial Management (DFM-01)	Numerical Code: 0175
Date	: 20/02/2015	
Time	: 11.00 to 02.00	
N.B.	: All Questions carry equal Marks	Total Marks : 70

Q.1 What is financial management? Discuss three types of decisions modern business manager has to take (14)

OR

Define Financial market. Discuss different categories of financial markets.

Q.2 Explain Trade credit as a source of short term finance. (14)

OR

Explain commercial paper as a source of short term finance.

Q.3 Discuss share capital as a source of long term finance. (14)

OR

Discuss Debentures as a source of long term finance.

Q.4 Explain the concept of “profit Maximization” and “Wealth Maximization”. (14)

OR

Explain: (i) Sales tax
(ii) Central Excise Duty

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

1. Public Company.
 2. Direct Taxes.
 3. Types of working capital.
 4. Warrants.
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Course : Diploma in Financial Management (DFM)

Numerical Code: 0027

Subject : Project Appraisal and Analytical Tools (DFM-02)

Roll No: _____

Numerical Code: 0176

Date : 20/02/2015

Time : 03.00 to 06.00

N.B. : All questions carry equal Marks.

Total Marks : 70

Q.1 Explain various types of profitability Ratios. (14)

OR

What is capital Budgeting Decision? Explain Capital Investment process

Q.2 Explain Decision Tree as a techniques to deal with risk (14)

OR

From the following balance sheets as on 31-3-2010 and 30-3-2011 prepare funds flow statement.

Liabilities	31/3/2010	31/3/2011	Assets	31/3/2010	31/3/2011
Equity share capital	4,00,000	5,00,000	Land & Building	4,00,000	4,80,000
General Reserve	80,000	1,40,000	Machinery	3,60,000	2,60,000
P & L A/C	64,000	78,000	Stock	2,00,000	2,52,000
10% Bank Loan	3,20,000	80,000	Debtors	1,60,000	1,28,000
Creditors	3,00,000	2,60,000	Cash at Bank	1,04,000	18,000
Provision for Taxation	60,000	80,000			
	12,24,000	11,38,000		12,24,000	11,38,000

Additional Information:

- I. Depreciation written off on Machinery Rs. 24000 and on land and building Rs.45000
- II. Incom-tax paid during the year Rs. 70,000
- III. Dividend paid Rs.84000

Q.3 Explain Requirements of sound Budgeting system (14)

OR

Explain factoring services and state its advantages and disadvantages

Q.4 Distinguish between operating Lease and Financial Lease (14)

OR

What is hire-purchase agreement? Explain its features.

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

1. Credit Rating.
 2. Zero base Budgeting.
 3. Cash flow statement.
 4. Merchant Banking.
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Term End Examination February-2015

Course	: Diploma in Financial Management (DFM)	Numerical Code: 0027
Subject	: Policy Matters Financial Management (DFM-03)	Roll No: _____
Date	: 21/02/2015	Numerical Code: 0177
Time	: 11.00 to 02.00	
N.B.	: All questions carry equal Marks.	Total Marks : 70

Q.1 Explain the concept of weighted average cost of capital (WACC). (14)

OR

Explain operating leverage, Financial leverage and combine leverage.

Q.2 Explain Financial Break-Even and Indifference Analysis in Leverage Analysis. (14)

OR

Discuss Debt-Equity Ratio Analysis and Risk Return Trade off.

Q.3 Explain MM Theroy (Modigliani and miller Theroy) of Capital Structure. (14)

OR

Discuss Walter's Valuation Model of Dividend.

Q.4 What is Optimum Capital Structure? How it is determined? (14)

OR

Discuss different types of Dividend policies.

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

1. Cost of Redeemable Debt.
 2. Trading on Equity.
 3. Marginal cost of capital.
 4. Capital Structure and Financial structure.
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Course : Diploma in Financial Management (DFM)

Numerical Code: 0027

Subject : Working Capital Management (DFM-04)

Roll No: _____

Date : 21/02/2015

Numerical Code: 0178

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 Objectives (14)

OR

What is Working capital Management? Discuss factors determining working capital requirement.

Q.2 Discuss the process of receivable management. (14)

OR

Discuss various costs involved in extending Credit.

Q.3 What is Inventory Management? Discuss Economic ordering Quantity as a tool of Inventory control. (14)

OR

Explain ABC and VED System of Inventory Control.

Q.4 Discuss process of preparing Cash budget. (14)

OR

What is Cash Management? Discuss need of Cash in business.

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

1. Credit Policy.
 2. Factoring of book debts.
 3. Levels of Inventory.
 4. Aggressive working capital Management.
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