

Dr. Babasaheb Ambedkar Open University
Term End Examination February – 2026

Course	: BBAR/DBAR	Date	: 13-Feb-26
Subject Code	: BBAR/DBAR-202	Time	: 03:00pm to 05:15pm
Subject Name	: Financial management	Duration	: 02.15 Hours
		Max. Marks	: 70

Section A

Answer the following (Attempt any three) (30)

1. Explain the meaning and Scope of Financial Management in details.
2. Explain the Short Term-Sources of finance in details.
3. Explain the Cost of equity share, preference share and debenture in details.
4. Explain the Factors Determining Working Capital requirement in details.
5. Explain the different type of dividend policy in details.

Section B

Answer the following (Attempt any four) (20)

1. Explain the Maximization of Firm's Profit/Profit Maximization.
2. Mr. Pankaj has deposited Rs. 50,000 with X bank. This deposit would earn 8% interest per annum. This deposit is made for the period of 6 years.
 - (i) Calculate total interest receivable at the end of 6th year.
 - (ii) Calculate total future value receivable at the end of 6th year.
3. What is leverage? Explain Types of leverages.
4. Explain the Reasons for Holding Cash.
5. Explain the Capital Budgeting Techniques briefly.
6. Explain the Steps in (Process of) Financial Planning.

Section C

Part – A (Multiple Choice Questions) (10)

- 1 The mix of debt and equity is known as the firm 's
 - A capital ratio
 - B capital structure
 - C None of these
 - D All
- 2 The firm should select only those capital investment proposals whose net present value is
 - A equal
 - B negative
 - C positive
 - D All
- 3 A that can be changed into a specified number of ordinary shares at the option of the owner is known as a convertible debenture.
 - A bonds
 - B share
 - C debenture
 - D None of these

- 4 LC means _____.
 A Letter of credit B Credit of letter
 C Both D None of these
- 5 The funds required for the project is raised from the which are of permanent nature.
 A Equity share holders B Preference Shareholder
 C None of these D all of above
- 6 _____ is a tool with which a financial manager can maximize the return to the equity shareholders.
 A Financial leverage B management
 C None of these D all of above
- 7 _____ is used as a marketing tool, particularly when a new product is launched or when a company wants to push its weak product.
 A Finance B Credit
 C Both D None of the above
- 8 _____ on debentures or Term loans has to be paid whether there is any profit or not.
 A Payment B Dividend
 C Interest D All of the above
- 9 Normally, many companies approve new machinery only when the existing one _____ to perform well.
 A Refuses B Uses
 C Depends on the situation D all of these
- 10 Retained earnings has -----cost.
 A implicit B Explicit
 C money D None of these

Part – B (Do as Directed)

(10)

- 1 Define NOI approach.
- 2 Define Trade Bill.
- 3 Define Certificate of Deposit (CDs).
- 4 What is Compound Interest?
- 5 CAPM stands for?
- 6 What is Opportunity Cost?
- 7 What is Trading on Equity?
- 8 Explain Yield to Maturity (YTM).
- 9 Give formula of Degree of operating leverage.
- 10 Define Aggressive Approach of working capital.
