

Dr. Babasaheb Ambedkar Open University
Term End Examination July -2026

Course : Diploma Course
Subject Code : DFM-01
Subject Name : Basic Understanding of Financial Management

Date : 06/07/2026
Time : 11:30am to 01:45pm
Duration : 02.15 Hours

Max. Marks : 70

Q-1 Explain the different kinds of Debenture. **14**

OR

Describe the scope of Financial Management in detail.

Q-2 Explain different forms of Business Organizations. **14**

OR

What is Working Capital? Explain the Need of Working Capital.

Q-3 What are the Advantages and Limitations of Commercial Paper? **14**

OR

Discuss the Important Functions of Finance Manager.

Q-4 Discuss the Regulatory Framework related with the Business. **14**

OR

Explain the different kinds of share capital.

Q-5 (A) Short notes (Any three) **09**

1. Taxation and Financial Management
2. Sole Proprietorship
3. Central Excise Duty
4. Sales Tax
5. Class of Working Capital

(B) Choose the correct option for the questions given below and write the answer. **05**

1. What is the primary goal of Financial Management?
(A) To maximize profits (B) To minimize costs
(C) To maximize shareholder wealth (D) To optimize liquidity
2. What is the term for the process of evaluating and selecting investment opportunities?
(A) Capital budgeting (B) Financial planning
(C) Risk management (D) Portfolio management
3. What is the term for the amount of money that a company has available to invest or lend?
(A) Working capital (B) Free cash flow
(C) Retained earnings (D) Shareholders' equity
4. Which of the following is a source of long-term financing?
(A) Common stock (B) Preferred stock (C) Bonds (D) All of the above
5. Which of the following is a type of financial ratio?
(A) Liquidity ratio (B) Profitability ratio
(C) Efficiency ratio (D) All of the above
