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Open University

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August-2017

DIPLOMA ASSIGNMENTS

DFM-01,02,03,04
(Diploma in Financial
Management)

Last Date of Submission :
28/02/2018

Diploma Programmes

Dear Student,

You are required to do one assignment for the **Diploma Programme** It is a Tutor Marked Assignment (TMA) and carries 30 marks. It covers four blocks of the course.

As in day-to-day life, **Planning** is important in attempting the assignment as well. Read the assignment carefully; go through the units on which the questions are based; jot down some points regarding each question and then re-arrange them in a logical order. In the Long-type answer, pay attention to your introduction and conclusion. The introduction must tell you how to interpret the given topic and how you propose to develop it. The conclusion must summarize your views on the topic.

Make sure that your answer :

- a) is logical
- b) is written in simple and correct English
- c) does not exceed the number of words indicated in your questions
- d) is written neatly and clearly.

Good Luck,

- It is compulsory to submit the assignment before the last date **28/02/2018.**
- It is compulsory to take receipt at the time of submission of the assignment in order to making an inquiry regarding assignment in future.
- Dont forget to take back the checked assignment so that can utilize it for your term end exam preparation.
- The passing marks for the diploma programme is **15**, make sure you obtain atleast **15** marks as if you obtain less then **15**, you will be considered as **FAIL** and need to write the assignment again in order to obtain your final certificate.
- You cant get final marksheet and certificate before passing the assignment successfully.
- Please attach the assignment question paper with your written assignment.
- Please take out the point out of the next page and make it the first page of your assignment after filling all the columns.

**Dr. Babasaheb Ambedkar Open University,
Ahmedabad**

DIPLOMA IN FINANCIAL MANAGEMENT

Subject name : _____

Enrollment No : _____

Study Centre Name :

Name : _____

Study Centre Code : _____

Address : _____

Mobile No : _____

E-Mail : _____

Student Signature : _____

Date : _____

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DIPLOMA COURSE

SUBJECT : DFM-01

ASSIGNMENT AUGUST 2017

TOTAL MARKS-30

PAASING MARKS-15

SECTION-A

(2x5=10)

1 Explain Traditional and Modern Approach of Financial Management.

OR

Explain the meaning and advantages of Commercial Paper.

2 Explain the types of Preference Shares.

OR

Explain Sinking Funds as a method to redemption of debentures.

SECTION-B

(2x5=10)

Write short note. (Any two)

1. Time Value of Money.
2. Types of Financial Markes.
3. Hire purchase transactions.
4. Sales tax.

SECTION-C

1. Explain the following terms:

(1x5=5)

- i. Bills of Exchange.
- ii. Bank Overdraft
- iii. Right Issue.
- iv. Sweat equity
- v. Warrants

Fill in the blanks.

(1x5=5)

- i. The _____ markets means the market for short-term securities. (money/capital)
- ii. The _____ Markets means the market for long term securities. (money/capital)
- iii. The _____ market is the new issues market. (primary/secondary)
- iv. A public company has a minimum of _____ members. (seven/two)
- v. _____ is examples of direct tax. (Income-tax/Sales-tax)

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DIPLOMA COURSE

SUBJECT : DFM-02

ASSIGNMENT AUGUST 2017

TOTAL MARKS-30

PAASING MARKS-15

SECTION-A

(2x5=10)

(1) Explain the concept and need of ratio analysis.

OR

Explain the benefits of fund flow statement..

(2) Give the differences between fund flow statement and cash flow statements.

OR

Write a note on contribution of financial consultant in the field of insurance.

SECTION-B

(2x5=10)

Write short note. (Any Two)

- (1) Concept of decision trees.
- (2) Features of a hire purchase agreement.
- (3) Advantages of Zero based Budget.
- (4) Venture Capital Services.

SECTION-C

Explain the following terms:

(1x5=5)

- (1) Budget
- (2) Credit Card
- (3) Hire-Purchase
- (4) Risk
- (5) Payback Period

Fill in the blanks.

(1x5=5)

- (1) Liquid assets means all _____ assets except closing stock.
(Fixed/Current)
- (2) Proprietary Ratio should be higher as far as possible means _____
financial position of the business. (stronger/weaker)
- (3) _____ is a short term lease. (Operating lease/Financial lease)
- (4) _____ is the whole process of designing, implementing and operating
budgets. (Budget/Budgeting)
- (5) Production = sales + closing stock - _____ . (Opening stock/Purchase)

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DIPLOMA COURSE

SUBJECT : DFM-03

ASSIGNMENT AUGUST 2017

TOTAL MARKS-30

PAASING MARKS-15

SECTION-A

(2x5=10)

(1) Explain Divident growth methods of calculating cost of capital.

OR

Explain capital asset price method of calculating cost of capital.

(2) Explain the concept of Indifference point in leverage analysis.

OR

Explain the fectors effecting while determining dividend policy.

SECTION-B

(2x5=10)

Write short note. (Any two)

- (1) Walter's Valuation Model
- (2) Optimul capital structure.
- (3) MM theory in capital structure studies.
- (4) Bird in hand theory.

SECTION-C

Explain the following terms:

(1x5=5)

- (1) Dividend
- (2) Operating leverage
- (3) Financial leverage
- (4) Combined leverage
- (5) Cost of equity

Fill in the blanks.

(1x5=5)

- (1) Payment of _____ is not compulsory to equity share holders.
(dividend/interest)
- (2) Companies raise external equity capital by _____.
(issuing new shares/retained earnings)
- (3) The _____ cost of capital is the cost of obtaining an extra Rs.1 of
finance. (weighted cost/marginal cost)
- (4) The debt to net worth ratio compares the long term debt to the _____
worth of firm. (net/total)
- (5) The term total capital structure denotes mix of owners funds and _____
funds. (outsider/internal)

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DIPLOMA COURSE

SUBJECT : DFM-04

ASSIGNMENT AUGUST 2017

TOTAL MARKS-30

PAASING MARKS-15

SECTION-A

(2x5=10)

(1) Explain the meaning and objectives for working capital management.

OR

Explain the ABC analysis for inventory management.

(2) Determine the economic order quantity (ECQ) form the following information.

OR

Discuss the utility of cash budget as a tool of cash management.

SECTION-B

(2x5=10)

Write short note. (Any two)

(1) Term 'Concentration Banking' and 'Lock-Box System'.

(2) Terms 'Re-order level, minimum level, maximum level' in inventory management.

(3) Process of Receivable management.

(4) Concept of operating cycle.

SECTION-C

Explain the following terms: (Any three)

(2x3=6)

(1) Credit policy

(2) Carring cost

(3) Cash discount

(4) Default RBK

Fill in the blanks.

(1x4=4)

(1) Working capital is also known as _____. (fixed capital/circulating capital)

(2) Higher the scale, _____ will be the need for working capital. (higher/lower)

(3) _____ means processing more capital than is necessary for the scale of operations being undertaken. (Over Capitalization/Under Capitalization)

(4) FNSD analysis divide the items in to _____ catagories. (three/four)