

Dr. Babasaheb Ambedkar Open University
Term End Examination August – 2020

Course	: BBA/BBAIB	Date	: 20/08/2020
Subject Code	: BBA - 304(OLD)/BBAIB - 304	Time	: 09:00am to 11:00am
Subject Name	: Financial Management	Duration	: 02 Hours
		Max. Marks	: 50

Answer the following (Attempt any two) (20)

1. Discuss Role and Functions of Finance Manager.
2. Explain Classification of Cost of Capital.
3. What is Capital Structure? Explain Factors affecting capital structure.
4. What is Working Capital? Explain types of Working Capital.

Section B

Answer the following (Attempt any three) (15)

1. Explain Scope of Financial Management.
2. Write Significance of Financial Management.
3. Write a note on Capital Structure Decisions.
4. Which are the Components of cash flows?
5. Discuss Advantages of financial planning.

Section C

Part – A (Multiple Choice Questions) (10)

- 1 CAPM stands for
A Cash Assets Performance Management B Capital Asset Pricing Model
C Cash Assets Pricing Model D None of above
- 2 Which one is the feature of Capital Structure?
A flexibility B Profitability
C Solvency D All of above
- 3 APV means
A Adjusted Present Value B Assets Present Value
C Assets Present Variable D Adjusted Power Value
- 4 Temporary Working Capital also known as
A fluctuating B Variable
C Both A and B D Neither A nor B
- 5 Common derivatives include
A Forward contract B Future contract
C Swap contract D All of above

- 6 Which is the Long-term financing source?
 A Share Capital B Preference Capital
 C Debenture / Bonds D All of above
- 7 WCC means
 A Working Capital Cycle B Working Cost Corp
 C Working Cost Capture D None of Above
- 8 ARR=
 A Average income/Average Rate B Average income/Average Investment
 C Average expenses/Average Investment D None of above
- 9 What are the reasons for Holding Cash?
 A transaction motive B speculative motives
 C precautionary motive D All of above
- 10 The _____ of a firm is measured primarily by current ratio and net working capital.
 A Capital B Liquidity
 C Profit D Loss

Part – B (Do as Directed)

(05)

State whether the following statements are true or false

- 1 A futures contract is a legal agreement to buy or sell a particular commodity.
- 2 A swap is a derivative contract through which two parties exchange the cash flows from two different financial instruments.
- 3 A term loan usually involves an unfixed interest rate that will add additional balance.
- 4 OTC means Over the Conversation.
- 5 IPO stands for Initial Public Offer.