Dr. Babasaheb Ambedkar Open University Term End Examination January – 2023

Course **BBAR** Date 01-Feb-2023 **Subject Code** Time **BBAR-202** 12:45pm to 03:00pm **Subject Name** Financial Management Duration **02.15 Hours** Max. Marks 70 Section A Answer the following (Attempt any three) (30)1. Explain the Dividend policy. 2. Discuss the advantages and disadvantages of Internal Rate of Return (IRR). 3. Give overview of Modigliani- Miller. 4. Explain Classification of cost capital. 5. Discuss various types of working capital. **Section B** Answer the following (Attempt any four) (20)1. Explain the difference between Forward contract and Future contract. 2. Write a short note on working capital Requirements. 3. Simran co. Ltd has raised loan of Rs. 15,00,000 @ 9% interest per year. This loan is to be repaid in six equal annual installments. Calculate the amount of installments. 4. From the following information calculate present value of cash inflow at 10% interest rate. Year 5 10,000 Cash inflow 10,000 12,000 9.000 11,000 Write a Short note on Treasury Bills. 5. Explain various Types of Debentures. 6. **Section C Part** – A (Multiple Choice Questions) (10)1 Which of the following does not comes under the scope of financial planning. A Tax policies **Business** Central govt D Schools 2 An economic analysis may tell the company to replace a machine say after _____years. A 1 В 5 \mathbf{C} D 6 3 The net cash expenditure made by the company during the period in which an asset is purchased by a company is called its A Investment Initial investment Final investment D None of these 4 _ Decision includes expenses incurred on modernization of investment

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Financial budgeting

D Capital budgeting

expenditures on existing asset.

Capital structure

Accounting

A

5	on debenture or term loans has to be paid whether there is any profit or not.				
	A	Payment	В	Dividend	
	C	Interest	D	All of these	
6	Adj	Adjusted present value was first studied by Stewart Myers, a professor at the MITS			
	Sloa	an school of Management and ther	n, in		
	A	1975	В	1973	
	C	1972	D	1971	
7	A magic of trading on equity is that trading on equity magnifies –				
	A	Loss	В	Profit	
	C	None	D	Both profit and loss	
8	cost represents the cost which has already been incurred financing project.				
	A	Implicit	В	Future	
	C	Historical	D	Explicit	
9	Neg	gotiable instrument Act is of			
	A	1991	В	1981	
	C	1995	D	1982	
10	Combine the attributes of equity shares and debentures				
	A	Bond	В	Equity shares	
	C	Bonus share	D	Preferences share	
		Part – I	B (Do as	Directed)	(10)
			•	, O,	
1	Under liberal dividend policy maximum amount of profit is distributed as dividend.				
	(true/false)				
2	Stock dividend is known as				
3	A is available for calculating EFR but it is advisable to understand the				
	fundamentals behind it.				
4	Estimate capital requirement can also be estimated as a ratio of fixed investments.				
_		e/false)			
5	What is operating risk?				
6	According to Modigliani and Miller, the net operating income approach explains the				
	relationship between cost of funds and cost of capital in three propositions. (true/false)				
7		is a barometer through which performance of an industrial unit can be			
		sured.			
8	Discount factor is known as				
9	How many parties are included in bill of exchange?				
10	The firm operating within the in situational framework operate son the micro				
	ecor	nomics (true/false)			
