



DR. B. R. AMBEDKAR OPEN UNIVERSITY
DEPARTMENT OF COMMERCE

POST GRADUATE DIPLOMA IN BUSINESS FINANCE (PGDBF)

COURSE 01: BUSINESS ENVIRONMENT
(2017-18 BATCH)

ASSIGNMENT – I

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. A. Explain the process of Environmental Analysis.
B. List out the various second generation reforms that you have learnt about.
2. Write briefly about:
 - a. The factors influencing corporate governance, and
 - b. Socio-economic objectives of planning in India.
3. Write short notes on:
 - a. Methods of Privatisation, and
 - b. The characteristics of small business enterprises.

ASSIGNMENT – II

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. Explain lucidly as to what you understand by:
 - i) Industrial Policy, and
 - ii) Monetary Policy of a Country.Give one or two pertinent examples for each of these concepts.
2. Learn and explain from the open sources the following, in or about a page or two:
 - a. Goods and Service Tax (GST) or Value Added Tax (VAT) ; and
 - b. Foreign Direct investment (FDI).
3. What are Multinational Corporations (MNCs)? Explain briefly the various determinants of MNC activity.

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COURSE - 02: ACCOUNTING FOR MANAGEMENT
(2017-18 BATCH)

ASSIGNMENT – I

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. Define the term 'Financial Accounting' in your own words. Write succinctly the scope and importance of accounting in the contemporary business environment.
2. The below given items and their balances, along with few others, appeared in the trial balance of M/s. A V Rao & Sons., pertaining to the accounts for the financial year ending 31st March, 2017:

Advertising A/c.	Rs. 43,000
Rent Paid A/c.	Rs. 30,000
Salaries Paid A/c.	Rs. 98,000
Wages A/c.	Rs. 77,000

It was found, further, that the following adjustments were not made in the books:

1. Advertising expenses not recorded in the books Rs. 7,000.
2. Rent due but not paid Rs. 6,000.
3. Salaries were paid in advance to the extent of Rs. 3,000.
4. Wages were unpaid to the extent of Rs. 3,000

You are required to pass necessary journal entries to adjust the above items. Also show how those items would have appeared in trading and profit and loss accounts (partial) and balance sheet (partial) of the firm as on 31st March, 2017.

3. Balance Sheets of M/s. Govind Lal Trading Company Pvt. Ltd., as on 31st March, 2016 and 31st March, 2017 were as follows:

BALANCE SHEETS

Liabilities	31 March 2016 Rs.	31 March 2017 Rs.	Assets	31 March 2016 Rs.	31 March 2017 Rs.
Capital	2,50,000	3,06,000	Premises	70,000	1,20,000
Bank Loan	80,000	1,00,000	Land	80,000	1,00,000
Mr. Shyam's Loan	50,000	--	Machinery	1,60,000	1,10,000

Sundry Creditors	80,000	88,000	Inventory	70,000	50,000
			Sundry Debtors	60,000	1,00,000
			Cash & Bank	20,000	14,000
Total	4,60,000	4,94,000	Total	4,60,000	4,94,000

During the financial year machine costing Rs. 20,000 (accumulated depreciation Rs. 6,000) was sold for Rs. 10,000. The provision for depreciation against machinery as on 31st March, 2016 was Rs. 50,000 and on 31st March, 2017 Rs. 80,000. Net profit for the financial year 2016-2017 amounted to Rs. 90,000. From the above information, you are required to prepare the Funds Flow Statement of the company as it would appear on 31st March, 2017.

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ASSIGNMENT – II

(MARKS: 15)

ANSWER ALL QUESTIONS

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- The given below are the three product lines and their production cost per unit along with their selling price per unit: *(Figures in Rs.)*

Particulars	P	Q	R
Materials	36	52	60
Wages	14	18	20
Variable Oncoasts	4	6	6
Fixed Oncoasts	10	16	18
Total Cost	64	92	104
Selling Price	80	120	122
Production <i>(Figures in Units)</i>	6,000	3,000	7,500

The production manager wants to discontinue one of the product lines and guarantees that production of other two lines shall rise to 150%. She wants to discontinue the product line 'P' as it is the least profitable line among the three lines.

You, a Management Accountant, are asked to comment on the agreeability of the scheme suggested by the production manager, substantiating the same with your detailed workings.

- M/s. Shree Ram Pvt. Ltd. Started its business on 1st April, 2016, with an initial investment of Rs. 28,00,000, which comprised of Rs. 24,00,000 as capital by the equity shareholders of the company and Rs. 4,00,000 as loan from bank @ 10% interest.

On the same day, the company purchased a machine costing Rs. 20,00,000 and goods worth Rs. 8,00,000. It was decided to depreciate the machine @10% p.a. On the 30th September, 2016, half of the goods were sold for Rs. 12,00,000.

The movements in the price index numbers (*illustrative only*) during the year were as under:

Index	01.04.2016	30.09.2016	31.03.2017
Index of General Prices	100	120	132
Index of Specific Prices	100	160	180

Assuming that the movements in the prices of goods and machine were similar, prepare an Income Statement and a Balance sheet of the company according to the following methods (*a columnar format can be used*):

1. Historical Cost Accounting,
2. Current Cost (Replacement Cost) Accounting, and
3. General Purchasing Power Accounting.

Ignore Corporate Income-tax.

3. A. What do you understand by Human Resource Accounting? Explain lucidly.
B. Clearly bring out differences between a Profit and Loss Account and a Value Added Statement.

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COURSE – 03: FINANCIAL MANAGEMENT
(2017-18 BATCH)

ASSIGNMENT – I

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. **A.** “The investment decision relates to the selection of long term and short term assets in which funds will be invested by a firm.” Elucidate the statement.
- B.** Mr. Raj N. needs a sum of Rs. 2,00,000/- at the end of two years from now, for which he wants to deposit some amount in the State Bank of India as a Fixed Deposit, which earns a quarterly compounding interest @ 6.5% p.a. You are required to show him the figure of amount to be deposited now, with the required working in arriving at the same.
2. Calculate the internal rate of return (IRR) for the below given two independent projects:

Project EXE	
Initial Outlay	Rs.2,00,000
Duration of the Project	Five (4) Years
Estimated Annual Cash Inflow for 4 Years	Rs.62,500
Project ZED	
Initial Investment	Rs.2,00,000
Duration of the Project	Four (4) Years
Estimated Annual Cash Inflow:	
Year 1	Rs.50,000
Year 2	Rs.75,000
Year 3	Rs.75,000
Year 4	Rs.50,000

3. The finance manager of M/s. ZEST Ltd has formulated two financial plans to finance Rs.80,00,000 required to implement few new projects:
- (i) Either equity capital of Rs.80,00,000 or Rs.40,00,000 12% debentures and Rs.40,00,000 equity; and
- (ii) Either equity capital of Rs. 80,00,000 or 14% preference shares of Rs.30,00,000 and Rs.50,00,000 equity.

You are required to determine the indifference point for each financial plan, assuming 30% corporate income tax rate and the face value of debentures, preference shares and equity shares as Rs. 1000, Rs.500 and Rs.100 respectively.

ASSIGNMENT – II

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. Write in brief about:
 - (i) Cost of Capital, and
 - (ii) Break Even Point.

2. M/s. PQR Ltd. belongs to a risk class for which the appropriate capitalization rate is 12%. It currently has outstanding 60,000 shares selling at Rs.200 each. The company is contemplating to declare an annual and single dividend of Rs. 14 per share at the end of the current financial year. The company expects to have a net income of Rs.12,50,000 and has a proposal for making new investments of Rs.24,00,000. Show that under the Modigliani Miller hypothesis, the payment of dividend does not affect the value of the firm.

3. **A.** How do you draw a distinction between permanent working capital and temporary working capital? Give a concise answer.

B. A company manufactures a product which has a monthly demand of 6,000 units. The product requires a component 'GEE' which is purchased at Rs.300. For every finished product, one unit of 'GEE' is required. The ordering cost is Rs.2,000 per order and the holding cost is 12% per annum.

You are required to calculate:

- (i) Economic Order Quantity (EOQ).
- (ii) If the minimum lot size to be supplied is 6,000 units what is the extra cost, the company has to incur?

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COURSE – 04: FINANCIAL INSTITUTIONS AND MARKETS
(2017-18 BATCH)

ASSIGNMENT – I

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. A. What do you understand by the term 'Finance'? Write a brief note on Financial System in general.
B. Write a page or two about any one investing institution you studied as part of this course.
2. A. Explain lucidly the various functions of commercial banks in India.
B. Discuss any three predominant ways of short term finance universally available to industrial units from commercial banks.
3. Explain in brief about any *TWO* of the following:
 - a) Types of Leasing,
 - b) Types of Factoring, and
 - c) Rationale of Development Banks.

ASSIGNMENT – II

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. Enumerate the promotional role of Indian Development Banks in general.
2. "Mutual funds in India are regulated by the Government of India through SEBI and RBI". List out the various essential stipulations that exist in this context.
3. What are financial markets? Give the classification of financial markets and explain them in a paragraph or two each.

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COURSE: 05 - FINANCIAL SERVICES
(2017-18 Batch)

ASSIGNMENT – I

(Marks : 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. What are Non-Banking Financial Companies? Explain their classification
2. What is the role of Merchant Bankers in the dynamics of Financial Services and what are the challenges ahead.
3. What is the Marketing Strategy for Financial Services.

ASSIGNMENT – II

(Marks : 15)

ANSWER ALL QUESTIONS

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1. Explain the concept of Lease Financing.
2. Explain the Credit Rating Methodology adopted by a credit rating agency.
3. What is Factoring and how does it work.



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COURSE – 06: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT
(2017-18 BATCH)

ASSIGNMENT – I

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. What do you understand by: a) financial intermediaries, b) interest rate risk, and c) yield-to-maturity (YTM)?
2. A. Write briefly about the principal weaknesses of the Indian stock market.

B. Write any five major functions of SEBI.
3. Write short notes on any *TWO* of the following:
 - a) Fundamental Analysis,
 - b) Estimation of Future Price, and
 - c) Dow Theory and its Basic Tenets.

ASSIGNMENT – II

(MARKS: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. Write briefly about any *TWO* of the following:
 - a) Forms of Market Efficiency,
 - b) Basic Steps of Portfolio Selection Process, and
 - c) Limitations of Markowitz's Approach.
2. A. Write a note on portfolio revision strategies.

B. Explain the concept of Mutual Fund. How is investing in various schemes of Mutual Funds is superior to other types of Investments?
3. A. A 10% ` 1,000 Debenture has 21 years remaining to maturity. You are required to determine the present Intrinsic Value of the security, for the given market yield of 12.5% p.a. Assume that the company pays interest semi-annually.

B. Mr. Niveshak is a first time investor and wants to build a portfolio using only Bharat Treasury bills and an index fund that closely tracks the NIFTY 50 Index. The Treasury bills have a return of 6%. The NIFTY 50 has a standard deviation of 24% and an expected return of 18%.

You are asked to help Mr. Niveshak in:

- i) drawing the Capital Market Line (CML) and marking the points where the investment in the market is 0%, 25%, 75%, and 100%; and
- ii) determining the exact risk and return at each of the above points.

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