



**Dr. B. R. AMBEDKAR OPEN UNIVERSITY**  
**ROAD NO. 46, JUBILEE HILLS, HYDERABAD – 500 033**

**Dear Student,**

We are enclosing two assignments in each course, for all the courses of Post Graduate Diploma in Business Finance (PGDBF) for the Academic Year 2021-22 Batch. Please note the following points while answering these assignments:

1. Assignments are compulsory for PGDBF Programme. They have a weightage of 30% in each course.
2. You have to submit both the assignments compulsorily. You will not be allowed to appear for the year-end examinations for any course, if you do not submit the specified number of assignments in time for that course.
3. Each assignment carries a maximum of 15 marks and you have to get a minimum of 40% of marks, i.e., 6 out of 15, to qualify in that assignment. If you fail to get the minimum marks in any assignment, you have to resubmit that particular assignment along with the relevant batch. Repetition of the same assignment will not be allowed.
4. The maximum marks for each course at the year-end examination are 70 and you have to get a minimum of 40% i.e., 28 out of 70.
5. Division will be awarded on the basis of the aggregate marks obtained in assignments as well as in the year-end examinations.
6. Dates of submission for the assignments are:

**ASSIGNMENTS SUBMITTED AFTER THE DUE DATE  
WILL NOT BE ACCEPTED.**

7. If, under unavoidable circumstances, you fail to submit the assignments within the stipulated time, your results will be declared only after the submission and evaluation of all the assignments.
8. If any student fails to submit all the assignments within the stipulated time, he/she has to answer the set of assignments that are sent to the batch in progress at that time.
9. You have to submit your assignments in the Study Centre to which you are attached.

10. The first page of your response sheet should be in the following format.

Enrolment No. :  
Name of the Candidate :  
Address :  
Mobile No. :  
Email.id :  
Name of the Programme :  
Course Code & Title :  
Assignment No. :  
Study Centre :  
Date of Submission :  
Signature :

11. Please go through the relevant course units thoroughly before you answer assignments.

12. If the assignment is of a problem model, you have to answer it in the proper format.

You should give working notes also wherever necessary.

13. Before submitting the assignment, check it up carefully to make sure that you have attempted all the main points of the question.

14. You are required to use only foolscap size paper for your response. Allow some margin on the left in order to facilitate the evaluator to record his comments.

15. You have to answer the assignments in your own words.

16. Do not copy from the response sheets of other students. If copying is noticed, the assignments of all such students will be rejected.

17. Start each assignment on separate sheets of paper.

18. You can consult your counsellors and get clarification on your doubts, if any, while answering the assignments.

19. The assignments should be neatly hand written. **Typed or Computerized assignments will not be accepted.**
20. You have to prepare your responses in duplicate, submit the original at your study centre and file the second copy with you as a record.
21. You can collect back the evaluated assignments from your study centre, if you want.
22. In case you request for a change of study centre, you should submit your assignments only to the original study centre until the University effects the change of the study centre.
23. Further correspondence should be made to the following address:

**The Director (SSB)  
Dr. B. R. Ambedkar Open University  
Prof. G. Ram Reddy Marg,  
Road No.46, Jubilee Hills,  
Hyderabad – 500 033.**

*Sd/-*  
**HEAD**  
**DEPARTMENT OF COMMERCE**



**DR. B. R. AMBEDKAR OPEN UNIVERSITY**  
**DEPARTMENT OF COMMERCE**  
**POST GRADUATE DIPLOMA IN BUSINESS FINANCE (PGDBF)**  
**COURSE 01: BUSINESS ENVIRONMENT**  
**(2021-22 BATCH)**

**ASSIGNMENT – I** **(MARKS: 15)**

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. What do you understand by ‘an economic system of a country’? Write briefly about the three distinct economic philosophies, viz., Capitalism, Socialism, and Communism.
2. Do you consider social responsibility as ‘the obligation of decision-makers to take actions while protecting and improving the welfare of society as a whole along with their own interest’? If so, support your arguments for the same. If not, write your arguments against the same.
3. Explain and explore :
  - a) Economic Growth and Economic Development; and
  - b) Methods of Privatization of Public Enterprises.

**ASSIGNMENT – II** **(MARKS: 15)**  
ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. What do you mean by Monetary-Credit Policy? Write briefly about principal instruments of monetary-credit policy of the Reserve Bank of India.
2. Explain the concept of financial sector reforms. Discuss the major recommendations of Narasimham Committee on financial reforms.
3. What is foreign investment? ‘Foreign capital is advocated for developing countries for various reasons ....’ - Submit your arguments for and against this statement.

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# DR. B. R. AMBEDKAR OPEN UNIVERSITY

## DEPARTMENT OF COMMERCE

### POST GRADUATE DIPLOMA IN BUSINESS FINANCE (PGDBF)

#### COURSE 02: ACCOUNTING FOR MANAGEMENT

(2021-22 BATCH)

#### ASSIGNMENT – I

(Marks: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

- (1) a) 'Accounting as a social science can be viewed as an information system, since it has all the features of a system'. - Elucidate the statement.
  - b) Give a brief note on role and activities of an accountant in today's business organizations.
2. From the following details relating to the accounts of M/s. BR Co. Ltd., prepare Statement of Sources and Application of Funds:

#### BALANCE SHEET

Rs.

(in 000's)

Liabilities	31 <sup>st</sup> March		Assets	31 <sup>st</sup> March	
	2020 Rs.	2021 Rs.		2020 Rs.	2021 Rs.
Share Capital	4,00	3,00	Goodwill	90	1,00
General reserve	1,00	80	Plant and Machinery	4,29	2,98
Profit & Loss Account	50	30	Investments	60	1,00
Debentures	1,00	1,50	Stock	80	50
Sundry Creditors	70	90	Sundry Debtors	1,10	1,60
Income-tax Provision	40	50	Prepaid Expenses	6	4
Proposed dividend	40	30	Cash & Bank Balance	20	10
			Debenture Discount	5	8
<b>Total</b>	<b>8,00</b>	<b>7,30</b>	<b>Total</b>	<b>8,00</b>	<b>7,30</b>

- (i) 15% depreciation has been charged in the accounts on plant and machinery.
- (ii) Old machines costing Rs. 50,000 (WDV Rs. 20,000) have been sold for Rs. 35,000.
- (iii) A machine costing Rs. 10,000 (WDV Rs. 3,000) has been discharged.

- (iv) A plant costing Rs. 2,30,000 was purchased during the year.
  - (v) Rs. 10,000 profit has been earned by sale of investments.
  - (vi) Debentures have been redeemed at 5% premium.
  - (vii) Rs. 45,000 income-tax has been paid and adjusted against Income-tax Provision Account.
3. M/s. ZED Limited has received an offer of quantity discounts on its order of materials as under:

<i>Price per ton</i> Rs.	<i>Tons</i> Nos.
1,200	Less than 500
1,180	500 and less than 1,000
1,160	1,000 and less than 2,000
1,140	2,000 and less than 3,000
1,120	3,000 and above

The annual requirement for the material is 5,000 tonnes. The ordering cost per order is Rs. 1,200 and the stock-holding cost is estimated at 20% of material cost per annum.

- (i) You are required to compute the most economical purchase level.
- (ii) What will be your answer to the above question (i), if there are no discounts offered and the price per tonne is Rs. 1,500?

## ASSIGNMENT – II

(Marks: 15)

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. Explore and explain the following with suitable examples:
  - i) Methods of treatment of depreciation; and
  - ii) Four simple methods of charging depreciation.
2. M/s. KVS Pvt. Ltd. Started its business on 1<sup>st</sup> April, 2020, 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 30<sup>th</sup> September, 2020, 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	01.04.2020	30.09.2020	31.03.2021
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. Journalize the following in the books of ABC Company, under the given scenarios, if the company:
  - (i) Issues 2,000, 12% Debentures of Rs. 1,000 each at par and redeemable at par.
  - (ii) Issues 2,000, 12% Debentures of Rs. 1,000 each at par and redeemable at a premium of 10%.
  - (iii) Issues 2,000, 12% Debentures of Rs. 1,000 each at a discount of 5% and redeemable at par.
  - (iv) Issues 2,000, 12% Debentures of Rs. 1,000 each at a discount of 5% and redeemable at premium of 10%.
  - (v) Issues 2,000, 12% Debentures of Rs. 1,000 each at a premium of 10% and redeemable at par.
  - (vi) Issues 2,000, 12% Debentures of Rs. 1,000 each at a premium of 8% and redeemable at a premium of 15%.

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**POST GRADUATE DIPLOMA IN BUSINESS FINANCE (PGDBF)**  
**COURSE 03: FINANCIAL MANAGEMENT**  
**(2021-22 BATCH)**

**ASSIGNMENT – I**  
**(MARKS: 15)**

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. a) Write briefly about the meaning, scope and objectives of Financial Management.  
b) Write briefly about the financial needs of a firm.
2. ZEN Ltd purchased a retail store and commenced business on April 1. From the following information, you are required to prepare in as much details as possible, a 'Trading and Profit and Loss Account' for the current year ended March 31 and a 'Balance Sheet' as at that date.

Capital introduced on April 1	Rs. 47,000
Drawing during the year	Rs. 5,000
Working capital (current assets less current liabilities) at March 31	Rs. 23,000
Depreciation of fixed assets during the year, based on a rate of 20 percent per annum on cost	Rs. 3,000
Ratio of annual sales to year-end values of fixed assets plus working capital	2:1
Ratio of current assets to current liabilities at the year-end	2:1
Ratio of liquid assets (cash plus debtors) to current liabilities on March 31	5:4
Debtors at the year-end as per cent of annual sales	12
General expenses (excluding depreciation) as per cent of annual sales	20

The current assets consist of stocks (which are unchanged throughout the year), debtors and cash. Stocks are turned over four times during the year. The current liabilities consist only of creditors.

3. Avcon Ltd is investigating the feasibility of manufacturing one of the components needed for its finished product rather than purchasing it from an outside supplier. Its present supplier has just announced that he intends to increase the price from Rs. 100 to Rs. 125 per unit.

The equipment needed to make this product can be purchased for Rs. 10,00,000 and is expected to have salvage value of Rs. 2,00,000 after the expiry of the fifth year. Additional fixed costs (excluding depreciation) are estimated to increase by Rs. 1,00,000 per year. The variable costs of manufacturing each component will be Rs. 30 per unit. The company is subject to a 35 per cent tax rate and 15 per cent is the appropriate cost of capital for this project. The company projects annual needs at 7,500 units per year for the 6-year period. The tax relevant rate of deprival is 25 per cent and there are no other assets in the 25 per cent block.

Advise the company whether it should continue buying from outside supplier, or start manufacturing on its own. Will your answer be different if the requirement of the company is only 6,000 units per year?

**ASSIGNMENT – II**  
**(MARKS: 15)**

ANSWER ALL QUESTIONS

ALL QUESTIONS CARRY EQUAL MARKS

1. Discuss the importance and uses of financial forecasting for a business enterprise. Also give a brief note on ‘Cash Planning Tools’.
2. M/s. Mohini Chemicals Ltd has the following book value capital structure on 31 March 2021:

Source of Finance	Amount (Rs. In Lakh)	Proportion (%)
Equity Share Capital	45,00	45
Reserves and Surplus	15,00	15
Preference Share Capital	10,00	10
Debt	30,00	30

The expected after-tax component costs of the various sources of finance for Mohini Chemicals Ltd are as follows:

Source	Cost (%)
Equity Share Capital	18.0
Reserves and Surplus	18.0
Preference Share Capital	11.0
Debt	08.0

- a) You are required to compute the weighted average cost of capital of Mohini Chemicals Ltd, based on the existing capital structure.
- b) Suppose Mohini Chemicals Ltd has 4,50,00,000 equity shares outstanding and that the current market price per share is Rs. 20. Assume that the

market values and the book values of debt and the preference share capital are the same. Compute also the market value weighted average cost of capital, if the component costs were the same as before.

3. A firm's estimated demand for a material during the next year is 2,500 units. Acquisition costs are Rs. 400 per order and carrying cost is Rs. 50 per unit. The safety stock is set at 25 per cent of the EOQ. The daily usage is 10 units and lead time is 10 days. Determine (a) the EOQ, (b) the safety stock, and (c) the reorder point.

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**COURSE 04: FINANCIAL INSTITUTIONS AND MARKETS**  
**(2021-22 BATCH)**

**ASSIGNMENT – I**  
**(MARKS: 15)**

ANSWER ALL QUESTIONS  
ALL QUESTIONS CARRY EQUAL MARKS

1. What do you understand by financial institutions? Explain the objectives and functions of any two financial institutions about which you studied in this course or elsewhere.
2. Enumerate the objectives and functions of any two investing institutions in India. Explain their role in the development of Indian economy.
3. Explain the below concepts in brief:
  - a. Merchant Banking
  - b. Leasing
  - c. Factoring.

**ASSIGNMENT – II**  
**(MARKS: 15)**

ANSWER ALL QUESTIONS  
ALL QUESTIONS CARRY EQUAL MARKS

1. 'The development banks play an important role in accelerating the pace of industrialization in an economy by generating development impulses' - Substantiate the statement.
2. Write about the contemporary promotional activities of any two of the below institutions:
  - i) IFCI,
  - ii) ICICI and
  - iii) IDBI.
3. What do you mean by financial markets? How are they different from investment institutions? Write about the functioning of financial markets in India and any five financial instruments they deal in.

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**COURSE 05: FINANCIAL SERVICES**  
**(2021-22 BATCH)**

**ASSIGNMENT – I**

**(Marks : 15)**

**ANSWER ALL QUESTIONS**  
**ALL QUESTIONS CARRY EQUAL MARKS**

1. What are the activities of Non-Banking Financial Companies?
2. How is the promotional mix devised for Financial Services?
3. What are the Guidelines issued by SEBI to bring greater transparency and accountability in operations of Merchant Bankers?

**ASSIGNMENT – II**

**(Marks : 15)**

**ANSWER ALL QUESTIONS**  
**ALL QUESTIONS CARRY EQUAL MARKS**

1. What are the aspects which are crucial to the development and growth of leasing industry in India?
2. (a) What are the different types of Credit Ratings?  
(b) Explain the Credit Rating Methodology adopted by a credit rating agency.
3. What do you understand by Factoring? How does it work?

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**COURSE 06: SECURITY ANALYSIS AND PORTFOLIO**  
**MANAGEMENT**  
**(2021-22 BATCH)**

**ASSIGNMENT – I**  
**(MARKS: 15)**

ANSWER ALL QUESTIONS  
ALL QUESTIONS CARRY EQUAL MARKS

1. Explain briefly the concept of 'Investment Risk'. What do you understand by the terms 'Systematic Risk' and 'Unsystematic Risk'?
2. **a.** Elucidate the acronym "YTM" in little detail with a pertinent example.  
**b.** The bonds of the Premier Company Ltd. (PCL) are currently selling for Rs. 10,800. Assuming (i) coupon rate of interest - 10 per cent, (ii) par value - Rs. 10,000, (iii) years to maturity - 10 years and (iv) annual interest payment, compute the YTM.
3. Compare and Contrast between:
  - a) Primary Market Vs. Secondary Market, and
  - b) Security Analysis and Investment Decision.

**ASSIGNMENT – II**  
**(MARKS: 15)**

ANSWER ALL QUESTIONS  
ALL QUESTIONS CARRY EQUAL MARKS

3. Write briefly about:
  - a) Fundamental Analysis and Efficient Market, and
  - b) EIC Analysis: A Framework
4. Explain in detail the CAP Model developed by Sharpe, Linter and Mossin, covering its assumptions, the Security Market Line and limitations.
3. The Alert Ltd currently pays Rs. 6 per share as annual dividend. Assuming 10 per cent required rate of return on shares ( $K_e$ ), compute the value of shares under each of the following dividend growth rate assumptions:
  - a) Annual rate of growth, zero (0) percent indefinitely.
  - b) Annual constant rate of growth, 5 per cent to infinity.
  - c) Annual rate of growth, 5 per cent for each of the next 3 years, followed by a constant annual rate of 4 per cent in years 4 to infinity.

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