



AAE-010-001608 Seat No. _____

B. B. A. (Sem. VI) (CBCS) Examination

March / April - 2016

Advanced Financial Management - II

(New Course)

Faculty Code : 010

Subject Code : 001608

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

SECTION - I

1 MCQs : 20

- (1) Which of the following sequences is correct in the context of security analysis ?
 - (A) Industry analysis - company analysis - market analysis
 - (B) Company analysis - market analysis - industry analysis
 - (C) Market analysis - industry analysis - company analysis
 - (D) Market analysis - company analysis - industry analysis
- (2) Which of the following is not an element of investment environment ?
 - (A) Financial instruments
 - (B) Financial intermediaries
 - (C) Financial markets
 - (D) None of the above

- (3) Capital return can be
 - (A) Positive or negative (B) Only positive
 - (C) Positive or zero (D) Positive, negative or zero
- (4) When market value of equity shares is lower than its intrinsic value, one should
 - (A) Purchase (B) Sell
 - (C) Purchase or sell (D) None of the above
- (5) Which of the following is/are source/s to identify good business idea ?
 - (A) Observation (B) Trade fair and exhibitions
 - (C) Prospective consumers (D) All of the above
- (6) Break even analysis is a
 - (A) Planning tool (B) Controlling technique
 - (C) Both (A) and (B) (D) None of the above
- (7) Which of the following is not a form of borrowed capital ?
 - (A) Debentures (B) Public deposits
 - (C) Retained earnings (D) Commercial papers
- (8) Which of the following is not an example of social cost ?
 - (A) Air and water pollution
 - (B) Deforestation
 - (C) Exhaustion of natural resources
 - (D) None of the above
- (9) If the acquisition is done without mutual agreement, it is called
 - (A) Merger (B) Amalgamation
 - (C) Acquisition (D) Takeover
- (10) Upstream merger (backward integration) and downstream merger (forward integration) are types of
 - (A) Horizontal merger (B) Vertical merger
 - (C) Conglomerate merger (D) None of the above

- (11) Which of the following is not a strategic motive of merger and acquisition ?
- (A) Growth and expansion
 - (B) Protection against large firms or MNCs
 - (C) Market penetration
 - (D) Ego satisfaction
- (12) Which of the following equations is true in the context of benefit of synergy ?
- (A) $V(AB) < V(A) + V(B)$
 - (B) $V(AB) > V(A) + V(B)$
 - (C) $V(AB) = V(A) + V(B)$
 - (D) None of the above
- (13) Formula plans are for
- (A) Portfolio construction
 - (B) Portfolio revision
 - (C) Portfolio analysis
 - (D) Portfolio evaluation
- (14) The difference between the portfolio's average rate of return and the riskless rate of return is
- (A) Risk premium
 - (B) Risk discount
 - (C) Risk price
 - (D) Risk value
- (15) Which of the following is made up of high return-high risk common stocks ?
- (A) Aggressive portfolio
 - (B) Conservative portfolio
 - (C) Defensive portfolio
 - (D) None of the above
- (16) Which of the following is not for the evaluation of portfolio ?
- (A) Sharpe's performance index
 - (B) Treynor's performance index
 - (C) Jensen's performance index
 - (D) None of the above
- (17) Money market is regulated by
- (A) IRDA
 - (B) SEBI
 - (C) LIC
 - (D) RBI
- (18) Which of the following is an instrument of Money Market ?
- (A) T-bills
 - (B) Equity shares
 - (C) Preference shares
 - (D) Debentures

- (19) When money is borrowed for more than a day but upto 14 days, it is called
 (A) Call money (B) Notice money
 (C) Both (A) and (B) (D) None of the above
- (20) Credit rating is a
 (A) Financial market (B) Financial intermediary
 (C) Financial instrument (D) Financial service

SECTION - II

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| 1 | Discuss different investment alternatives in detail. | 10 |
| OR | | |
| 1 | Write a note on valuation of preference shares and equity shares. | 10 |
| 2 | Discuss market analysis and financial analysis in the context of project planning and appraisal. | 10 |
| OR | | |
| 2 | Discuss external sources of financing the project. | 10 |
| 3 | Discuss in detail reasons for mergers and acquisitions. | 10 |
| OR | | |
| 3 | Explain in detail various types of mergers and acquisitions. | 10 |
| 4 | Discuss traditional approach to the construction of portfolio. | 10 |
| OR | | |
| 4 | Explain Markowitz model of portfolio management. | 10 |
| 5 | Write a note on Indian financial system. | 10 |
| OR | | |
| 5 | What is money market ? Explain functions and importance of money market. | 10 |