



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

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