

Name:	
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course: Financial Management	Semester: III
Programme: B.COM. LLB TL/BBA LLB CL/BBA LLB BFSI	Course Code: CLNL 2016
Time: 03 hrs.	Max. Marks: 100
Instructions: Attempt all the Questions	

SECTION A

S. No.	Question	Marks	CO
Q 1	What is Dividend Payout Ratio?	2	CO3
Q 2	Write down the objectives of Financial Management.	2	CO1
Q 3	“Retained Earnings are not a cost free source of Capital.” Explain	3	CO3
Q 4	Define the term Finance Functions.	2	CO1
Q 5	The average settlement period of receivables (days) ratio is normally calculated as average receivables times 365, divided by annual _____ sales.	1	CO4

SECTION B

Q 6	Explain the various theories of Capital Structure.	10	CO4
Q 7	What do you mean by Working Capital? Explain the various types of Working Capital.	10	CO3

SECTION-C

Q 8	A company has 9% irredeemable debt of Rs 5,00,000. The tax rate is 35%. Determine the cost of capital (before tax as well as after tax) assuming the debt is issued: (i) At Par (ii) At discount of 5% (iii) At premium of 10%	10	CO3
Q 9	What is Capital Budgeting? Explain the nature, need, importance and significance of capital budgeting?	10	CO2

SECTION-D

Q 10	Define the Concept of “Cost of Capital”. State how you would determine the weighted average cost of capital of a firm?	15	CO3
Q 11	What do you understand by Dividend policies? Explain the conflicting theories of dividend.	15	CO4
Q 12	XYZ Ltd. plans to sell 30,000 units next year . The expected cost of goods sold is as follows:		

Particulars	Rs (per unit)
Raw Material	100
Manufacturing expenses	30
Selling & financing expenses	20
Selling price	200

The duration of various stages of the operating cycle is expected to be as follows:

Particulars	Time
Raw Material	2 months
Work - in - progress	1 month
Finished goods	½ months
Debtors	1 month

Assuming the monthly sales level of 2,500 units estimate the gross working capital requirements if the desired cash balance is 5% of the gross working capital requirements.

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CO4

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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course: Financial Management (Set-2) Course Code: CLNL 2016 Semester: III

Programme: B.COM. LLB (Hons) Taxation Laws 2017

Time: 03 hrs.

Max. Marks: 100

Instructions: Attempt all the Questions

SECTION A

S. No.		Marks	CO
Q 1	What do you mean by cost of Retained Earning?	2	CO3
Q 2	What is Operating Cycle?	2	CO4
Q 3	What do you understand by the term Dividend Decision?	2	CO4
Q 4	(i) Gross working capital means the total of _____ assets. (ii) MM Approach is similar to _____ approach.	2	CO4
Q 5	What is IRR?	2	CO2

SECTION B

Q 6	What do you mean by Financial Management? Explain the nature, scope, importance and objectives of Financial management.	10	CO1
Q 7	What do you understand by Dividend policies? Explain the conflicting theories of dividend.	10	CO4

SECTION-C

Q 8	Shradha Ltd. issued 1,000 8% debentures (perpetual) of Rs 100 each. The company has incurred the following expenses. Under-writing commission 2%, Brokerage 1%, Printing & other expenses Rs 200. Assuming tax rate is 50%. Find out the before tax and after tax cost of debt capital.	10	CO3
Q 9	What do you mean by Cost of Capital? Explain the various types of Cost of Capital.	10	CO3

SECTION-D

Q 10	Explain the relation between Financial Management and other areas of Management i.e. Cost Accounting, Marketing, Asset Management, Personnel Management, Financial Accounting and Strategic Management.	15	CO1				
Q 11	What is Working Capital? Explain the importance of Working capital Management.	15	CO4				
Q 12	From the following data, compute the duration of the operating cycle for each of the two years and comment on the the increase/ decrease.	20	CO4				
	<table border="1" style="width: 100%;"> <tr> <td style="width: 33%;">Stock</td> <td style="width: 33%;">1st Year</td> <td style="width: 33%;">2nd Year</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>			Stock	1st Year	2nd Year	
Stock	1st Year	2nd Year					

	Raw Material	20,000	27,000		
	Work-in-Progress	14,000	18,000		
	Finished Goods	21,000	24,000		
	Purchases	96,000	1,35,000		
	Cost of Goods Sold	1,40,000	1,80,000		
	Sales	1,60,000	2,00,000		
	Debtors	32,000	50,000		
	Creditors	16,000	18,000		
Assume 360 days per year for computational purpose.					