

Roll No.

University of Petroleum & Energy Studies

School of Business

Kandoli Campus, Dehradun

End Semester Examination - May, 2019

Programme Name: MBA (BA+core)
Subject: Financial Management
Subject code: FINC 7019
Semester II
M.Marks: 100
Duration: 3 Hrs

Section – A (20 Marks) $(20\times1 \text{ Marks})$ Each question carry equal marks Q1. Debt funds are raised in the form of (CO1) a) Debentures b) bonds c) terms loans d) all of the above Q2. Maximization of wealth of shareholders is reflected in (CO3)a) Sales Maximization b) No. of shareholders c)Market price of equity shares d) SENSEX Q3. One of the following is not a commonly employed long-term finance in a company form of business: (CO2)a) Debenture capital b) retained earnings c) Preferential capital d) bank cash credit Q4. Degree of Financial Leverage is equal to (CO4) a. % change in EPS/% change is EBIT b. % change in EBIT/% change is EPS c. % change in EPS/% change is PAT d. % change in PAT/% change is EPS Q5. One of the following is not a part of money market securities (CO1) a) Commercial paper b) 5 year public deposit c) Certificate of deposit d) call money Q6. CAPM accounts for (CO4) a) Systematic risk b) Unsystematic risk c)Price risk d) None Q7. Time value of money facilitates comparison of cash flows occurring at different time periods by: (CO3)a) Compounding all cash flows to a common point of time b) Discounting all cash flows to a common point of time c) Using either a) or b) d) Neither a) nor b) Q8. Capital Budgeting involves (CO2)a) Short-term investment decisions c) Long-term investment decisions b) Neither long term nor short term d) Financing decisions Q9. Risk in capital budgeting implies that the decision maker knows....... (CO4) Of the cash flows a) Variability b) Probability c)Certainty d) None of the above Q10. A loan of Rs.5,00,000 is to be repaid in 10 equal annual installments. If the loan carries a rate of interest of 12% p.a (PVIFA – 5.65)., the equated annual installment is (CO3) a) Rs.75,000 b) Rs 80,000

d) Rs 95964

c)Rs 88496

	e following is not reg	anacea by onder.		(CO2)
	n Institutional Invest		Foreign Direct Inve	estment
c)Mutual F	funds	d)	Depositories	
Q12. Permanent V	Vorking Capital:	,	1	(CO4)
=	es Fixed Assets	b) Is minir	num level of curren	at assets
•	ith seasonal pattern			
•	e following have own	,	-	(CO4)
-	rtible Debentures	b) Equity shares	1 7	,
,	nable Debentures	1) 3 7	above	
Q 14. Financial As		,		(CO1)
	nd bank balance	b)Debts		,
c)Equity		d)All of th	e above	
, .	e following is not a sp	,		ls? (CO3)
a) Trade of			l Expenses	(333)
,	on for dividend	•	•	
,	ralue of Rs 100 inves	,		(CO4)
a) Rs 133		b) Rs 130	itel 5 years will be	(601)
c) Rs 125		d) Rs 118		
Q17. Which of the		u) 13 110		(CO2)
	_	riels b\ Hickor	the Beta, higher the	` ,
, .	the Beta, lower the	, .		IISK
c) Risk is o		d) Beta is	Constant	(CO2)
Q18. Stock beta m		D .: \ D: :1	1 1 0 1 1 1	(CO2)
a) EPS		Ratio c) Dividen	d d) Stock volati	3
-	eta factor measures	1 \ D' 1 - C		(CO4)
,		b) Risk of an asset		
c) Life of a) capital investmen	nt	(0.0.7)
-	oject is that rate wher			(CO3)
a) Zero		b) More than 1		
,		<u>.</u>		
c)Less than	n 1	d) 1		
,		,		
c)Less than	<u>s</u>	section – B		(4×5 Marks)
c)Less than	<u>§</u> f 5 marks. Attempt a	section – B any four		
c)Less than Each question is o Q1. Discuss the fu	<u>§</u> f 5 marks. Attempt a nctions of a Chief Fi	section – B ny four inance Officer.		(CO4)
c)Less than Each question is o Q1. Discuss the fu Q2. Discuss briefly	§ 5 marks. Attempt a nctions of a Chief Fi y the features of equi	section – B any four inance Officer. ty shares as source	0	(CO4) nce. (CO3)
c)Less than Each question is o Q1. Discuss the fu Q2. Discuss briefly	<u>§</u> f 5 marks. Attempt a nctions of a Chief Fi	section – B any four inance Officer. ty shares as source	0	(CO4) nce. (CO3)
c)Less than Each question is o Q1. Discuss the fu Q2. Discuss briefly Q3 "The profit ma	§ 5 marks. Attempt a enctions of a Chief Fi y the features of equi aximization is not an	section – B any four inance Officer. ty shares as source operationally feas	ible criterion". Do y	(CO4) nce. (CO3)
c)Less than Each question is o Q1. Discuss the fu Q2. Discuss briefly Q3 "The profit ma Q4. Calculate the re	f 5 marks. Attempt a netions of a Chief Fix the features of equivariant and the present value for	section – B In y four inance Officer. ty shares as source operationally feas project X which i	ible criterion". Do ynitially costs Rs. 250	(CO4) nce. (CO3) you agree? (CO2)
c)Less than Each question is o Q1. Discuss the fu Q2. Discuss briefly Q3 "The profit ma Q4. Calculate the r cash inflows of Rs	f 5 marks. Attempt a sections of a Chief Figure 1 the features of equivariant and an et present value for 900, Rs. 800, Rs. 700	section – B In y four inance Officer. ty shares as source operationally feas project X which i	ible criterion". Do ynitially costs Rs. 250	(CO4) nce. (CO3) you agree? (CO2) 00 and generates year-end five years. The cost of
c)Less than Each question is o Q1. Discuss the fu Q2. Discuss briefly Q3 "The profit ma Q4. Calculate the r cash inflows of Rs capital is assumed	f 5 marks. Attempt a netions of a Chief Figure 1 to the features of equivariant and the present value for 900, Rs. 800, Rs. 700 to be 10 %.	section – B any four inance Officer. ty shares as source operationally feas project X which i 0, Rs. 600 and Rs.	ible criterion". Do y nitially costs Rs. 250 500 in one through	(CO4) nce. (CO3) you agree? (CO2) 00 and generates year-end five years. The cost of (CO1)
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c)Less than Each question is o Q1. Discuss the fu Q2. Discuss briefly Q3 "The profit ma Q4. Calculate the r cash inflows of Rs capital is assumed Q5. A bond of fac maturity period of the current market Q1. Anurag Limite 5 equal annual inst schedule Q2. Define Risk. V Explain with exam Q3. Mr. Marin pro standard deviation	f 5 marks. Attempt a senctions of a Chief Figure the features of equivariant and the present value for 900, Rs. 800, Rs. 700 to be 10 %. The value Rs 1000 was 10 years and as of the interest rate is 14%, Each quested borrows Rs.2, 000 talments payable at the What is the relationshiple. What is the following in the process of the following is the second of the process of the p	section – B In y four inance Officer. Ity shares as source operationally feas project X which i O, Rs. 600 and Rs. Issued five years a oday, therefore, 5 is what will be the pection – C Stion is of 10 mark 1,000 at an interest the end of each of the	ible criterion". Do ynitially costs Rs. 250 500 in one through go at a coupon rate more years are left foresent value of the as. Attempt any 3 rate of 12 percent. The next 5 years. Presisk, diversifiable risk	(CO4) nce. (CO3) you agree? (CO2) 00 and generates year-end five years. The cost of (CO1) of 10%. The bond had a for final repayment at par. If bond? (CO4) (10×3 Marks) The loan is to be repaid in epare the loan amortization (CO3) k and non-diversifiable risks (CO2) his expected return and
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c)Less than Each question is o Q1. Discuss the fu Q2. Discuss briefly Q3 "The profit ma Q4. Calculate the r cash inflows of Rs capital is assumed Q5. A bond of fac maturity period of the current market Q1. Anurag Limite 5 equal annual inst schedule Q2. Define Risk. V Explain with exam Q3. Mr. Marin pro standard deviation Events Probability	f 5 marks. Attempt a sections of a Chief Figure the features of equivariant and the present value for 900, Rs. 800, Rs. 700 to be 10 %. The value Rs 1000 was 10 years and as of to section interest rate is 14%, Each quested borrows Rs.2, 000 alments payable at the What is the relationshiple. What is the following is and variance.	section – B In y four inance Officer. Ity shares as source operationally feas project X which is 0, Rs. 600 and Rs. issued five years a oday, therefore, 5 is what will be the pection – C stion is of 10 mark 1,000 at an interest the end of each of it information, from	ible criterion". Do ynitially costs Rs. 250 500 in one through go at a coupon rate more years are left foresent value of the as. Attempt any 3 rate of 12 percent. The next 5 years. Presisk, diversifiable risk the same compute 1 3 0.30	(CO4) nce. (CO3) you agree? (CO2) 00 and generates year-end five years. The cost of (CO1) of 10%. The bond had a for final repayment at par. If bond? (CO4) (10×3 Marks) The loan is to be repaid in epare the loan amortization (CO3) k and non-diversifiable risks (CO2) his expected return and (CO1) 4 0.10
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Each question is of 15 marks. Attempt any two

Q1. What do you think are the determinants of the dividend policy of corporate enterprises? Also, explain the terms bonus shares and share splits. What is their rationale? (CO2)

Q2.

Year	Return on the stock	Return	
	Apple Computers (%)	Market Portfolio (%)	(CO3)
1	-13	-3	
2	5	2	
3	15	8	
4	27	12	
5	10	7	

What is the beta of the stock of Apple Computers?

Q3. What is Venture capital? Discuss its features and also explain the process of appraisal for venture funding. (CO3)



University of Petroleum & Energy Studies

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Kandoli Campus, Dehradun

End Semester Examination - May, 2019

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Subject: Financial Management
Subject code: FINC 7019

Semester II
M.Marks: 100
Duration: 3 Hrs

Subject code: FINC 70		Duration: 5 Hrs
<u></u>	Section – A (20 Marks)	(20×1 Marks)
Each question carry equal marks	,	` ,
Q1. One of the following is not a p	part of money market securities	(CO1)
b) Commercial paper	b) 5 year public deposit	
c) Certificate of deposit	d) call money	
Q2. CAPM accounts for		(CO4)
b) Systematic risk	b) Unsystematic risk	
c)Price risk	d) None	
Q3. Risk in capital budgeting impl Of the cash flows	lies that the decision maker knows	(CO4)
b) Variability	b) Probability	
c)Certainty	d) None of the above	
Q4. A loan of Rs.5,00,000 is to be report 12% p.a (PVIFA – 5.65)., the equ	paid in 10 equal annual installments. If the lated annual installment is	oan carries a rate of intere (CO3)
b) Rs.75,000	b) Rs 80,000	
c)Rs 88496	d) Rs 95964	
Q5. One of the following is not a contract of the contract of the following is not a contract of the contract of t	commonly employed long-term finance in a	company form of
business:	, , , ,	(CO2)
b) Debenture capital	b) retained earnings	, ,
c) Preferential capital	d) bank cash credit	
Q6. Degree of Financial Leverage	is equal to	(CO4)
e. % change in EPS/% change	ge is EBIT	
f. % change in EBIT/% char	nge is EPS	
g. % change in EPS/% change	9	
h. % change in PAT/% change		
Q7. Debt funds are raised in the fo		(CO1)
b) Debentures b) bonds	c) terms loans d) all of the above	,
Q8. Maximization of wealth of sha		(CO3)
b) Sales Maximization	b) No. of shareholders	,
c)Market price of equity sh	•	
Q9. Which of the following have of		(CO4)
d) Convertible Debenture		, ,
d) Redeemable Debenture	es d) None of the above	
Q 10. Financial Assets include:		(CO1)
b) Cash and bank balance	b)Debts	,
c)Equity	d)All of the above	
Q11. Time value of money facilitat	tes comparison of cash flows occurring at d	ifferent
time periods by:		(CO3)

e) Compounding all cash flows to a common point of time

f) Discounting all cash flows to a co g) Using either a) or b)	ommon point of time	
h) Neither a) nor b)		
Q12. Capital Budgeting involves		(CO2)
c) Short-term investment decisions	c) Long-term investment decisions	
d) Neither long term nor short term	d) Financing decisions	
Q13. In CAPM, beta factor measures		(CO4)
,	x of an asset	
	al investment	
Q14. IRR of a project is that rate where NPV		(CO3)
,	re than 1	
c)Less than 1 d) 1	4	(0.0.1)
Q15. Which of the following is not regulated	· ·	(CO2)
b) Foreign Institutional Investors	b) Foreign Direct Investment	
c)Mutual Funds	d) Depositories	(00 t)
Q16. Permanent Working Capital:	1) 7	(CO4)
b) Includes Fixed Assets	b) Is minimum level of current assets	
c) Varies with seasonal pattern	d) Includes equity capital	(CO2)
Q17. Which of the following is true?	1\11'1 4 D 4 1'1 4 '1	(CO2)
a) Higher the Beta, lower the risk	b) Higher the Beta, higher the risk	
c) Risk is constant	d) Beta is constant	(CO2)
Q18. Stock beta measures	a) Dividend d) Steely veletility	(CO2)
	c) Dividend d) Stock volatility	(CO2)
Q19. Which of the following is not a spontan b) Trade credit		(CO3)
e) Provision for dividend	c) Accrued Expenses	
Q 20. The future value of Rs 100 invested no	d) All of the above	(CO4)
b) Rs 133	b) Rs 130	(CO4)
f) Rs 125	d) Rs 118	
1) RS 123	u) Ks 116	
Section	$1 - B \qquad (4 \times 5 \text{ Marks})$)
question is of 5 marks. Attempt any four		
the time of his retirement, Rahul is given a cho	oice between two alternatives: (a) an annual p	ension of
,000 as long as he lives, and (b) a lump sum am	ount of Rs.1,000,000. If Rahul expects to live	e for 20 ye
e interest rate is expected to be 10 percent thro	oughout, which option appears more attractive	ve. (CO2
bond of face value Rs 1000 was issued five year		
of 10 years and as of today, therefore, 5 more		
t interest rate is 14%, what will be the present v	value of the bond?	(CO4)

Each o

Q1.At Rs120 ears and th 2) Q2. A ity period market

Q3. Discuss briefly the features of equity shares as sources of long-term finance. (CO3)

Q4 "The profit maximization is not an operationally feasible criterion". Do you agree?

(CO2)

Q5. Discuss the functions of a Chief Finance Officer.

(CO4)

Section – C

 $(10\times3 \text{ Marks})$

Each question is of 10 marks. Attempt any 3

Q1. Mr. John provides the following information, from the same compute his expected return and standard deviation and variance.

Events	1	2	3	4
Probability	0.25	0.30	0.25	0.20
Return (%)	-11	24	19	12

Q2. Define Risk. What is the relationship between total risk, diversifiable risk and non-diversifiable risk? Explain with example.

Q3. Anurag Limited borrows Rs.2, 000,000 at an interest rate of 12 percent. The loan is to be repaid in 5 equal annual instalments payable at the end of each of the next 5 years. Prepare the loan amortization schedule (CO1) Q4. What do you think are the determinants of the dividend policy of corporate enterprises? Also, explain the terms bonus shares and share splits. What is their rationale? (CO2)

Section – D

(15×2 Marks)

Q1. What is foreign exchange market? Who are the participants of foreign exchange market? (CO4)

Q2. What is Venture capital? Discuss its features and also explain the process of appraisal for venture funding. (CO3)

Q3.

Year	Return on the stock	Return	(602)
	Infosys Computers (%)	Market Portfolio (%)	(CO3)
1	-12	-3	
2	6	3	
3	14	7	
4	26	13	
5	9	6	

What is the beta of the stock of Infosys Computers?