

Name:	 <b>UPES</b> UNIVERSITY WITH A PURPOSE
Enrolment No:	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**Online End Semester Examination, December 2020**

**Course: Project Management and Project Finance**

**Semester: V**

**Program: BCOM-LLB-TL / BBA-LLB-SZ-CL-V-B1 & B2**

**Time 03 hrs.**

**Course Code: CLNL 3002**

**Max. Marks: 100**

**SECTION A**

**1. Each Question will carry 5 Marks**

**2. Instruction: Complete the statement / Select the correct answer(s)**

S. No.	Question	CO
Q 1	Project management is the process of applying knowledge, skills, tools, and techniques to complete a project. Briefly explain the process of project management.	CO1
Q2	What are the different types of project and why it's important for project manager to know about these categories of projects?	CO2
Q3	Project Financial Management determines how the project will be financed, including the processes to acquire and manage the financial resources for the project. Critically examine the importance of project financial management.	CO3
Q4	Does the company have an assessment process for identifying risks? Describe the process.	CO2
Q5	What do you understand by the term cost of capital also explain the difference between explicit cost and implicit cost ?	CO1
Q6	A company issued Rs 10000 10% redeemable after 10 years. The cost of issue is 4%. Calculate the cost of debt capital assuming that the corporate tax rate is 50%.	CO4

**SECTION B**

**1. Each question will carry 10 marks**

**2. Instruction: Write short / brief notes**

Q 7	<p>A company is considering the purchase of machine. Management does not want to purchase a machine if it's payback period is more than 3 year.</p> <p>Two machine 'X' and 'Y' are under consideration. Cost of each machine is Rs. 10,000 and working life is 4 years. Scrap value is Rs. 400 respectively Annual cash inflow are as under :</p>	CO3
-----	---	-----

	Machine X	Machine Y	
	Rs	Rs	
First	2,000	3,000	
Second	3,000	4,000	
Third	4,000	5,000	
Fourth	8,000	5,000	
Evaluate the two proposals with payback period method and suggest management as which machine should be purchased?			
Q 8	Lease financing is a contractual agreement between the owner of the assets and user of the assets ,with this statement explain the meaning , characteristics and advantages of lease financing.		CO1
Q 9	Explain in detail how financial planning is key to making smart project budget decisions. Also explain the factors affecting financial planning.		CO2
Q 10	What is the process venture capitalist takes into consideration when choosing the company in which to invest?		CO1
Q 11	<p>A company wishes to issue, 1000 9 % preference share of Rs 1000 each. The expenses of issue are as under :</p> <p>a) Underwriting Commission 2%</p> <p>b) Brokerage 0.5%</p> <p>c) Other expenses Rs 500</p> <p>Calculate cost of capital if</p> <p>i. Shares are issued at par</p> <p>ii. Shares are issued at discount of Rs 5</p> <p>iii. Shares are issued at premium of Rs 6</p> <p style="text-align: center;">OR</p> <p>Tinny Ltd. Issued 2000 7% preference shares of Rs 100 each at 5% premium and has incurred the following expenses: Underwriting commission Rs. 2000, Brokerage Rs 1000 and other expenses Rs 1000. Find out the cost of capital if company tax rate is 50% .</p>		CO3
<b>Section C</b>			
<p><b>1. Each Question carries 20 Marks.</b></p> <p><b>2. Instruction: Write long answer.</b></p>			
Q12	<p>Critically examine why finance is the major part in running a firm. Also explain various sources of finance in financial management.</p> <p style="text-align: center;">OR</p> <p>Capital budgeting is the process a business undertakes to evaluate potential major projects. Explain in detail process of capital budgeting.</p>		CO4

