Name: **Enrolment No:**	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2023

Course: Financial Management **Semester: I**
Program: BBA-LLB(H) **Time: 03 hrs**
Course Code: FINC1002 **Max. Marks: 100**

Instructions: Read all questions carefully and answer. Cite suitable legal provisions, case laws, amendments and illustrations wherever required.

SECTION A
(5Qx2M=10Marks)

S. No.		Marks	
Q 1	Choose the correct one from the following:	**10**	**CO**
i.	In financial modeling, what does the term "NPV" stand for? a. Net Profit Value b. Net Present Value c. Non-Performing Venture d. Numerical Profit Variable	**2**	**CO 1**
ii.	What does the term "IRR" refer to in financial modeling? a. Internal Rate of Return b. International Revenue Ratio c. Intrinsic Risk Reduction d. Investment Return Rate	**2**	**CO 1**
iii.	Which financial statement is typically used to create a projected income statement in a financial model? a. Balance Sheet b. Cash Flow Statement c. Statement of Retained Earnings d. None of the above	**2**	**CO 1**
iv.	Which financial ratio measures a company's ability to meet its short-term obligations with its most liquid assets? a. Debt-to-Equity Ratio b. Current Ratio c. Return on Investment (ROI) d. Gross Margin Ratio	**2**	**CO 1**
v.	What are the different options other than cash used for distributing profits to shareholders: a. Bonus Shares b. Stock Split c. Both (a) & (b)	**2**	**CO 1**

	d. None of the above		
SECTION B (4Qx5M= 20 Marks)			
	Attempt all questions from this section. All questions carry equal marks.	**20**	
Q 2	Based on source of finance, you are required to classify the source of financing.	**5**	**CO 2**
Q 3	Describe any 3 advantages of Stock Dividend to the shareholders in respect of taxes and liquidity.	**5**	**CO 2**
Q 4	Discuss the advantages of raising funds by issue of equity shares.	**5**	**CO 2**
Q 5	Define Operating Leverage and Financial Leverage.	**5**	**CO 2**
SECTION-C (2Qx10M=20 Marks)			
	Attempt **any 2** questions. All questions carry equal marks.	**20**	
Q 6	D Ltd belong to a risk class for which the capitalization rate is 10%. It currently has outstanding 10,000 shares selling at Rs. 100 each. The firm is contemplating the declaration of dividend of Rs. 5 per share at the end of the current financial year. It expect to have a net income of Rs. 1,00,000 and has a proposal for making new investments of Rs. 2,00,000. Calculate the value of the firm when: a) Dividend are paid b) Dividend are not paid	**10**	**CO 3**
Q 7	Dividend policy of a firm is governed by many factors. You are required to explain those factors that hit the dividend distribution decision of the company.	**10**	**CO 3**
Q 8	Cost of equity of a company is 10.41% while the cost of retained earnings is 10%. There are 50,000 equity shares of Rs. 10 each and retained earnings of Rs. 15,00,000. Market price per equity share is Rs. 50. Calculate the WACC using market value weights if there are no other source of finance.		
SECTION-D (2Qx25M=50 Marks)			
	Attempt all questions from this section. All questions carry equal marks.	**50**	
Q 9	Cost of Goods Sold = Rs.3,00,000 Gross Profit = Rs.2,00,000 Cash Sales = Rs.3,00,000	**25**	**CO 4**

	Debtors Turnover Ratio = 4 Times Calculate Opening and Closing Trade Receivables in each of the following cases: 1. Closing Trade Receivables are Rs.1,00,000 more than the Opening Trade Receivables. 2. Closing Trade Receivables are 3 times than Opening Trade Receivables. 3. Closing Trade Receivables were 2 times than Opening Trade Receivables.		
Q 10	A firm details are as under: Sales (@100 per unit) — Rs. 24,00,000 Variable Cost — 50% Fixed Cost — Rs. 10,00,000 It has borrowed Rs. 10,00,000 @10% p.a and its equity share capital is Rs. 10,00,000 (Rs. 100 each) You are required to calculate: a) Operating Leverage b) Financial Leverage c) Combined Leverage d) Return on Investment If the sales increase by Rs. 6,00,000 what will be the new EBIT.	**25**	**CO 4**

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