Name: **Enrolment No:**	UPES

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, 2019

Course: **Financial Management** **Semester: III**
Program: **BBA.(AVM)** **Code: FINC1002**
Time: **3 hrs.** **Max. Marks: 50**
Instructions: Scientific Calculator is allowed

NOTE : ATTEMPT ALL QUESTIONS

SECTION A

S. No	**Multiple Choice Questions**	**Marks**
1	Which of the following sources of funds has no Implicit Cost of Capital? (a) Equity Share Capital,(b) Preference Share Capital,(c) Debentures,(d) Retained earnings.	**2**
2	Principal value of a bond is called the (a)Maturity Value,(b)Issue Price,(c)Face Value,(d)Market Price.	**2**
3	Cost of issuing new shares to the public is known as: (a) Cost of Equity,(b) Cost of Capital,(c) Flotation Cost,(d) Marginal Cost of Capita	**2**
4.	In order to calculate Weighted Average Cost of weights may be based on: (a) Market Values, (b) Target Values,(c) Book Values, (d) All of the above.	**2**
5	. Firm's Cost of Capital is the average cost of: (a) All sources, (b) All borrowings, (c) Share Capital, (d) Share Bonds & Debentures.	**2**
6	The viable goal of financial management is a) Assets maximization c) Sales maximization b) Maximization of profits d) Wealth Maximization	**2**
7	In recurring deposits (RD), which of the following concept of time value is applicable: a) Present Value b) Present Value Compounding c) Annuity d) Annuity Compounding	**2**
8	The discounting rate which equates the PV on inflows with PV of outflows is knows as…………	**2**

	a. Internal rate of return b. Accounting rate of return c. Payback period d. Net benefit cost ratio	
9	The excess of current assets over current liabilities is called: (a). Net Current Assets (b). Working Capital (c). Net working Capital (d). All of the above	**2**
10	a) P**0** = ____	**2**
SECTION B		
11	Write a short note on "Annuity Compounding"	**5**
12	Write a short note on "Retained Earning"	**5**
13	Write a short note on "ARR".	**5**
14	Calculate the future value of Rs 10000 after 7 years at 12 % interest rate.	**5**
SECTION-C (Attempt the following)		
15	Discuss the functions of Financial Management.	**10**
16	An organization intends to undertake a project with an Investment of Rs 15, 00,000/-. The duration of the project is 5 years. The cash inflows from the project during the 5 years is as follows: Year: Revenue (Rs) 1: 4,00,000 2: 6,50,000 3: 3,88,000 4: 8,25,000 5: 4,25,000 The cost of capital for raising the investment is 12%. Calculate the following. A. Pay Back Period B. Discounted Payback Period C. ARR	**10**

Year	Revenue (Rs)
1	4,00,000
2	6,50,000
3	3,88,000
4	8,25,000
5	4,25,000

	D. IRR NPV	
17	.Estimate Working capital requirement for A ltd. Raw material per unit Rs.80 Direct Labour per unit Rs.30 Overhead per unit Rs.60 Total cost Per unit Rs.170 Profit Per unit Rs. 30 Selling price Per unit Rs. 200 Level of activity 208000 units Its annual figures are as follows: A. Raw material in stock, average for 4 weeks B. Work in progress average for 2 weeks C. Finished goods in stock average for 4 weeks D. Credit allowed by suppliers average for 4 weeks E. Credit allowed to debtors average for 8 weeks F. Lag in payments of wages average for 1.5 weeks G. Cash at bank is expected to be Rs.25000 H. You may assume that production is carried on evenly throughout the year (52 weeks) and all sales are on credit basis. ble) – Incorporating Time Value.	10
	SECTION D	
	XYZ Enterprises is planning to raise an additional capital of Rs 1200 crores by way of 250 crore debt. 200 crore Preference equity, 600 crore Common Equity and 150 crore Retained Earning. The firm can issue Rs100, 5 year 13% debentures at a discount of 20% per debenture to be redeemed at 20% premium. The issue expenses would be 8 % . The organization plans to issue a Rs 10, 15% 6 year preference share at a premium of 10% .The issue expenses for the preference share would be 6% on face value. For equity the company intends to issue a Rs 10 common equity share at a premium of 25% and flotation cost is 10% of issue proceeds. The proposed dividend is Rs 6/- in the first year with a growth rate of 16%. The applicable tax rate is 25%. Calculate the Weighted average cost of capital.	30