Name: **Enrolment No:**	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May 2022

Course: BBA AVM & LM **Semester: II**
Program: FINANCIAL MANAGEMENT **Time : 03 hrs.**
Course Code: FINC 1002 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		**Marks**	**CO**
Q 1	MCQ		
I.	Financial management refers to: a) Management of Current Assets c)Management of all assets b) Financial Decision Making d)Management of Liabilities	**2**	**CO1**
II.	Time value of money facilitates comparison of cash flows occurring at different time periods by 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)	**2**	**CO1**
III.	What shall be the present value factor of Re. 1 at 5% discount rate in 5th year?. (a) 0.9091 (b) 0.4971 (c) 0.1316 (d) 0.7835	**2**	**CO1**
IV.	Which decisions relate to acquisition of asset and generally have long term strategic implications? (a) Investing (b) Financing (c) Dividend (d) Working Capital	**2**	**CO1**
V.	Which of the following is Discounted Cash Flow Technique of Capital Budgeting : (a) Discounted Pay Back Period (b) Pay Back Period (c) Accounting Rate of Return (d) None of these	**2**	**CO1**
VI.	What results in uniform cash flows for an definite period:	**2**	**CO1**

	(a) Annuity (b) Perpetuity (c) Cash Flows (d) Profitability		
VII.	Discounting refers to : (a) Conversion of Future Value in Present Value (b) Conversion of Present Value in Future Value (c) Decrease the Present Value (d) Increase the Future Value	**2**	**CO1**
VIII.	Which of the following method is Non Discounted Cash Flow method of Capital Budgeting? (a) ARR (b) IRR (c) NPV (d) PI	**2**	**CO1**
IX.	What results in uniform cash flows for an indefinite period: (a) Annuity (b) Perpetuity (c) Cash Flows (d) Profitability	**2**	**CO1**
X.	For applying NPV, ______________ is considered: (a) Profit After Tax (b) Profit After Tax and Before Depreciation (c) Profit Before tax and After Depreciation (d) Profits Before Tax	**2**	**CO1**
SECTION B **4Qx5M= 20 Marks**			
Q2	What is capital Budgeting? Describe the steps in capital budgeting process?	**5**	**CO2**
Q3	What is the relevance of Time value of money in financial decision making?	**5**	**CO2**
Q4	What motivates a firm to explore wealth maximisation objective over profit maximisation objective, expalin in detail.	**5**	**CO2**
Q5	Describe the emerging role of the Financial Manager in India.	**5**	**CO2**
SECTION-C **3Qx10M=30 Marks**			
Q6	Sim and Tim are twins. Sim invests ₹5,000 at age 20 and earns 5% compound interest. Tim invests ₹10,000 at age 40 and earns 5% compound interest. No matter how long they live, Tim will never have as much money as Sim. Explain why.	**10**	**CO3**
Q7	Machine A costs ₹. 1, 00,000 payable immediately. Machine B costs	**10**	**CO3**

	₹ 1, 20,000 half payable immediately and half payable in one year's time. The cash receipts expected are as follows: Year (at end) | Machine A | Machine B 1 | ₹ 20,000 | - 2 | 60,000 | Rs. 60,000 3 | 40,000 | 60,000 4 | 30,000 | 80,000 5 | 20,000 | - At 7% opportunity cost, which machine should be selected on the basis of NPV?		
Q8	Explain different sources of finance in details? Which is generally preferred by corporates & why?	**10**	**CO3**

SECTION-D
2Qx15M= 30 Marks

Q9	Define Cash flows. How is it different from Profit? Explain the superiority of Cash flows in Investment in decision-making?	**15**	**CO3**
Q10	A firm whose cost of capital is 10% is considering Two Mutually Exclusive projects X and Y, the detail of which are:	**15**	**CO4**

	Year	Project X	Project Y
Cost	0	Rs. 100000	Rs. 100000
	1	10000	50000
Cash	2	20000	40000
Inflow	3	30000	20000
	4	45000	10000
	5	60000	10000

Compute the following:

1. Pay Back Period
2. Net Present Value