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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Program: BBA (AVO)

Semester : III

Subject: Financial Management

Max. Marks : 100

Course Code: FINC 1002

Duration : 3 Hrs

No. of page/s: 3

SECTION A			
			(5*2=10)
Attempt all the Questions.			
S. No.		Marks	CO
Q 1	(i) Payback period technique considers all cash flow of a project. (True or false) (ii) Emphasis of payback technique is on profitability than liquidity. (True or false)	2	CO1
Q 2	What is Operating Cycle?	2	CO1
Q 3	What do you understand by the term Dividend Decision?	2	CO1
Q 4	(i) Capital budgeting decisions are reversible in nature. (True or false) (ii) To rank indivisible projects, profitability index should be used (True or false)	2	CO1, CO2
Q 5	What is ARR?	2	CO1
SECTION B			
			(2*10=20)
Attempt all the Questions.			
Q 6	What do you mean by Financial Management? Explain the nature, scope, importance and objectives of Financial management.	10	CO1, CO2, CO3
Q 7	What do you understand by Dividend policies? Explain the conflicting theories of dividend.	10	CO1, CO2, CO3
SECTION-C			
			(2*10=20)
Attempt all the Questions.			
Q 8	Shradha Ltd. issued 1,000 8% debentures (perpetual) of Rs 100 each. The company has incurred the following expenses. Under-writing commission 2%, Brokerage 1%, Printing & other expenses Rs 200. Assuming tax rate is 50%. Find out the before tax and after tax cost of debt capital.	10	CO1, CO2, CO3
Q 9	What do you mean by Cost of Capital? Explain the various types of Cost of Capital.	10	CO1, CO2, CO3

SECTION-D**(2*15 + 1*20=50)****Attempt all the Questions.**

Q 10	Explain the relation between Financial Management and other areas of Management i.e. Cost Accounting, Marketing, Asset Management, Personnel Management, Financial Accounting and Strategic Management.	15	CO1, CO2, CO3																						
Q 11	What is Working Capital? Explain the importance of Working capital Management.	15	CO1, CO2, CO3																						
Q 12	<p style="text-align: center;">Unit cost structure of product at an activity level of 60,000 units</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">a.</td> <td style="width: 70%;">Raw material</td> <td style="width: 25%;">Rs.5</td> </tr> <tr> <td>b.</td> <td>Wages</td> <td>Rs.4</td> </tr> <tr> <td>c.</td> <td>Manufacturing cost (including depreciation Re.1)</td> <td>Rs.3</td> </tr> <tr> <td>d.</td> <td>Administrative expenses</td> <td>Re.1</td> </tr> <tr> <td>e.</td> <td>Selling & Distribution expenses</td> <td>Rs.2</td> </tr> <tr> <td>f.</td> <td>Finished goods storage period</td> <td>2 months</td> </tr> </table> <p>Calculate the cash cost of finished goods in each case:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Case1.</td> <td>If no other information is given.</td> </tr> <tr> <td>Case2.</td> <td>If stocks of finished goods is to be valued at factory cost.</td> </tr> </table>	a.	Raw material	Rs.5	b.	Wages	Rs.4	c.	Manufacturing cost (including depreciation Re.1)	Rs.3	d.	Administrative expenses	Re.1	e.	Selling & Distribution expenses	Rs.2	f.	Finished goods storage period	2 months	Case1.	If no other information is given.	Case2.	If stocks of finished goods is to be valued at factory cost.	20	CO1, CO2, CO3, CO4
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