

Name:
Enrolment No:



UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM & ENERGY STUDIES

End Semester Examination (Online) – July, 2020

Program: BBA(OG + ABD)
Subject/Course: FINANCIAL MANAGEMENT
Course Code: FINC1002

Semester : II
Max. Marks: 100
Duration : 3 Hours

IMPORTANT INSTRUCTIONS

1. The student must write his/her name and enrolment no. in the space designated above.
2. The questions have to be answered in this MS Word document.
3. After attempting the questions in this document, the student has to upload this MS Word document on Blackboard.
4. Attempt any 5 questions out of 6 questions.

		Marks	COs
Q.1	“The profit maximization is not an operationally feasible criterion.” Illustrate your views.	20	1
Q.2	A dividend is generally consider a cash payment allowed to the holders of company’s stocks and shares. However, there are several types of dividends, some of which do not involve the payment of cash to shareholders. Enumerate other forms of dividend with examples	20	2
Q.3	NPV and IRR are two most commonly used techniques to evaluate the capital investment decisions. There are similarities between the two methods and differences as well. Why these techniques lead to conflict in the project ranking?	20	3
Q.4	Your friend is planning to start a business with a capital requirement of Rs 5 Millions. His bank account stands at Rs 500 thousand. So, he approached you to advise him for raising remaining funds required to start the business.	20	2
Q.5	The adequacy of working capital is at the core of managing current assets. If the working capital is too high, the firm has surplus funds that do not earn any returns. If the working	20	3

	capital is too low, the firm faces the threat of financial difficulties. Therefore, it is important to make a correct assessment of the adequate working capital. Explain the statement, highlighting the consequences of keeping high and low level of working capital. Also identify the objective to maintain a correct balance of working capital.		
Q.6	David Durand proposed,” there exists a direct relationship between the capital structure and valuation of the firm and cost of capital.” Which theory of capital structure is proposed? Explain.	20	3

ANSWERS