

Name:			
Enrolment No:			
UNIVERSITY OF PETROLEUM AND ENERGY STUDIES End Semester Examination, Dec 2022			
Course: B.Com(Hons)		Semester: V	
Program: International Financial Management		Max. Marks: 100	
Course Code: FINC2014			
SECTION A 10Qx2M=20Marks			
S. No.		Marks	CO
1	Investment can be defined as a) Person's dedication to purchasing a house or flat b) use of capital on assets to receive returns c) usage of money on the production process of products and services d) next additions made to the nation's capital stocks	[2]	CO1
2	The concept of financial management is. a) profit maximization b) all features of obtaining and using financial resources for company operations c) organization of funds d) effective management of every company	[2]	CO1
3	GST is a consumption of goods and services tax based on. a) development b) dividend c) duration d) destination	[2]	CO1
4	The market value of the share is decided by a) the investment market b) the government c) shareholders d) the respective companies	[2]	CO1

5	<p>What does financial leverages measures</p> <p>a) no change with EBIT and EPS b) the sensibility of EBIT with % change with respect to output c) the sensibility of EPS w.r.t % change in the EBIT level d) % variation in the level of production</p>	[2]	CO1
6	<p>Wealth maximization means the maximization of _____ investment in assets</p> <p>a) Profit b) Net present value c) Growth d) All of the above</p>	[2]	CO1
7	<p>Capital Budgeting is part of</p> <p>a) dividend decisions b) Liquidity decisions c) Investment decisions d) None of the above</p>	[2]	CO1
8	<p>Which of the following is not the core concept of the financial management</p> <p>a) Risk and return b) Cash flow c) Value d) Liquidity</p>	[2]	CO1
9	<p>Net Working Capital is positive when</p> <p>a) Current assets are higher than current liabilities. b) Current assets are lower than current liabilities. c) Current assets are equal to current liabilities. d) None of the above.</p>	[2]	CO1
10	<p>From the below-mentioned items which are financial assets</p> <p>a) Machines b) Bonds c) Stocks d) A and B</p>	[2]	CO1
SECTION B 4Qx5M= 20 Marks			
Q11	<p>Explain the three main legal forms of ownership briefly.</p>	[5]	CO1

Q12	Demonstrate the profitability index (PI) as the modification of the NPV model.	[5]	CO4																												
Q13	Describe the role and nature of the stock exchange	[5]	CO2																												
Q14	Explain why diversification works at minimizing risk and tell the difference between systematic and unsystematic risk	[5]	CO3																												
SECTION-C 3Qx10M=30 Marks																															
Q15	In brief define CAPM and its fundamental features.	[10]	CO1																												
Q16	Explain the meaning of the random walk hypothesis and provide a balanced judgment of the usefulness of past price movements to predict future share prices.	[10]	CO2																												
Q17	Describe the role and nature of the stock exchange.	[10]	CO3																												
SECTION-D 2Qx15M= 30 Marks																															
Q18	<p>Durga is curious to know what her portfolio's CAPM-based expected rate of return should be After doing some research she figures out the market values and betas of each of her 5 shares and is told by her consultant that the risk-free rate is 3% and the market risk premium is 8%.</p> <p>Help Durga calculate her portfolio's expected rate of return.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Share</th> <th>value</th> <th>weight</th> <th>beta</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>35000</td> <td>0.14</td> <td>1.6</td> </tr> <tr> <td>2</td> <td>40000</td> <td>0.16</td> <td>1.2</td> </tr> <tr> <td>3</td> <td>45000</td> <td>0.18</td> <td>1</td> </tr> <tr> <td>4</td> <td>50000</td> <td>0.2</td> <td>-0.8</td> </tr> <tr> <td>5</td> <td>55000</td> <td>0.22</td> <td>0.8</td> </tr> <tr> <td></td> <td>250000</td> <td></td> <td></td> </tr> </tbody> </table>	Share	value	weight	beta	1	35000	0.14	1.6	2	40000	0.16	1.2	3	45000	0.18	1	4	50000	0.2	-0.8	5	55000	0.22	0.8		250000			[15]	CO4
Share	value	weight	beta																												
1	35000	0.14	1.6																												
2	40000	0.16	1.2																												
3	45000	0.18	1																												
4	50000	0.2	-0.8																												
5	55000	0.22	0.8																												
	250000																														
Q19	<p>Illustrate how the security market line and the capital asset pricing represent the two-parameters world of risk and return</p> <p style="text-align: center;">OR</p> <p>A firm is considering the purchase of 100 sewing machines each of the machines costs Rs 18,000 and would yield a cash flow of Rs.5300 for the next 5 years. If the cost of capital for the firm is 14% find the following</p> <p>A) NPV of the project B) IRR of the project</p>	[15]	CO4																												