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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

B.Tech.

SEM: II - CARRY OVER THEORY EXAMINATION - JUNE (2021 - 2022)

Subject: Financial Management

Time: 3 Hours

Max. Marks: 100

General Instructions:

1. The question paper comprises three sections, A, B, and C. You are expected to answer them as directed.
2. Section A - Question No- 1 is 1 marker & Question No- 2 carries 2 mark each.
3. Section B - Question No-3 is based on external choice carrying 6 marks each.
4. Section C - Questions No. 4-8 are within unit choice questions carrying 10 marks each.
5. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.

SECTION A

20

1. Attempt all parts:-

- 1-a. _____ is a blood of organization (CO1) 1
- (a) finance
(b) cost
(c) time
(d) money
- 1-b. Money has no _____ value. (CO1) 1
- (a) time
(b) future
(c) cost
(d) fiscal
- 1-c. Equity share is a long term financial instrument. (CO2) 1
- (a) TRUE
(b) FALSE
- 1-d. Risk is ____ with stock. (CO2) 1
- (a) most likely
(b) certain
(c) both a and b
(d) none of the above
- 1-e. _____ shows the extent to which operating profits change as sales volume changes. (CO3) 1
- (a) Operating leverage
(b) Financial leverage
(c) Non operating leverage
(d) None of the above
- 1-f. Cost of capital refers to :(CO3) 1
- (a) Flotation cost
(b) Dividend
(c) Required rate of return
(d) None of these
- 1-g. Payback period shows _____(CO4) 1
- (a) you the time taken to recover the cost of the project.

| | | |
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| | (b) approximation of the rate of return. | |
| | (c) current price of the project | |
| | (d) none of the above | |
| 1-h. | Capital budgeting is for _____ planning for investment.(CO4) | 1 |
| | (a) long term | |
| | (b) short term | |
| | (c) no term | |
| | (d) none of the above | |
| 1-i. | Net working capital is that portion of a firm's _____ which is financed by long-term funds. (CO5) | 1 |
| | (a) current liabilities | |
| | (b) current assets | |
| | (c) long term assets | |
| | (d) long term liabilities | |
| 1-j. | Maximum stock level = (CO5) | 1 |
| | (a) reorder level + quantity | |
| | (b) reorder quantity only | |
| | (c) reorder level + reorder quantity - (minimum consumption * reorder period) | |
| | (d) reorder level + reorder quantity | |
| 2. | Attempt all parts:- | |
| 2.a. | Define finance. (CO1) | 2 |
| 2.b. | Give full form of CAPM (CO2) | 2 |
| 2.c. | Write any two advantages of cost of debt. (CO3) | 2 |
| 2.d. | Define the term "current assets".(CO4) | 2 |
| 2.e. | Discuss long term liabilities.(CO5) | 2 |
| | SECTION B | 30 |
| 3. | Answer any <u>five</u> of the following:- | |
| 3-a. | Explain the objectives of financial management.(CO1) | 6 |
| 3-b. | Summarise the different sources of finance funds for firms.(CO1) | 6 |
| 3-c. | Distinguish between savings and investment with suitable examples.(CO2) | 6 |
| 3-d. | Explain the redeemable and irredeemable debentures.(CO2) | 6 |
| 3.e. | Write the formulas of calculating cost of debt with an example.(CO3) | 6 |
| 3.f. | State the functions of working capital In detail.(CO4) | 6 |
| 3.g. | Describe the role of cash management in a firm.(CO5) | 6 |
| | SECTION C | 50 |
| 4. | Answer any <u>one</u> of the following:- | |
| 4-a. | Define equity capital and discuss the advantages to a company of raising finance in this way.(CO1) | 10 |
| 4-b. | Distinguish shares and debentures. (CO1) | 10 |
| 5. | Answer any <u>one</u> of the following:- | |
| 5-a. | Describe the implications and limitations of CAPM Model.(CO2) | 10 |
| 5-b. | Describe convertible and non convertible preference shares.(CO2) | 10 |
| 6. | Answer any <u>one</u> of the following:- | |
| 6-a. | A company has 10% redeemable preference share which are redeemable at 6th the end of 10th year from the date of issue. The underwriting expenses are expected to 2%. Find out the effective cost of preference share capital (CO3) | 10 |

- 6-b. Explain post pay-back period and pay-back period.(CO3) 10
7. Answer any one of the following:-
- 7-a. Summarise the operating cycle with diagram in a manufacturing firm.(CO4) 10
- 7-b. State the factors affecting investment decision in portfolio management.(CO4) 10
8. Answer any one of the following:-
- 8 "Objectives of inventory management and cash management are similar". How?(CO5) 10
- 8 Explain in brief the gross and net concept of working capital. Which of those concepts do you prefer and why?(CO5) 10