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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA

SEM: IV - THEORY EXAMINATION (2023- 2024)

Subject: Financial Modeling

Time: 3 Hours

Max. Marks: 100

General Instructions:

IMP: Verify that you have received the question paper with the correct course, code, branch etc.

1. This Question paper comprises of three Sections -A, B, & C. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.

2. Maximum marks for each question are indicated on right -hand side of each question.

3. Illustrate your answers with neat sketches wherever necessary.

4. Assume suitable data if necessary.

5. Preferably, write the answers in sequential order.

6. 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. The excess of the present value of benefits over the present value of costs of a course of Action is called as: (CO1) 1
- (a) Payoff
- (b) Benefits
- (c) Wealth
- (d) All of these
- 1-b. The concept that value of a rupee to be received in future is less than the value of a rupee on hand today is known as: (CO1) 1
- (a) Recovery factor concept
- (b) Time value of money
- (c) Compounding factor concept
- (d) None of these
- 1-c. In Microsoft Excel which key is used with Ctrl to open a new workbook . (CO2) 1
- (a) L
- (b) N
- (c) J
- (d) A
- 1-d. The result is a ___ value either TRUE or FALSE. (CO2) 1
- (a) Logical

- (b) Arithmetic
- (c) Algorithm
- (d) Logarithm
- 1-e. Vertical Analysis is also known as : (CO3) 1
- (a) Static Analysis
- (b) Dynamic Analysis
- (c) Structural Analysis
- (d) None of these
- 1-f. Common-size Statement are also known as: (CO3) 1
- (a) Dynamic Analysis
- (b) Horizontal Analysis
- (c) Vertical Analysis
- (d) External Analysis
- 1-g. Reinvestment Rate Assumption implied in: (CO4) 1
- (a) Net Present Value,
- (b) Internal Rate of Return,
- (c) Both (a) and (b),
- (d) None of the above.
- 1-h. In case of risky projects, the required rate of return would generally be: (CO4) 1
- (a) Higher,
- (b) Lower,
- (c) Same as for others,
- (d) None of the above.
- 1-i. CAPM accounts for: (CO5) 1
- (a) Unsystematic risk
- (b) Systematic risk
- (c) Both a and b
- (d) None of the above
- 1-j. The risk-free security has a beta equal to ----- , while the market portfolio's beta is equal to ----- . (CO5) 1
- (a) one; more than one.
- (b) one; less than one.
- (c) zero; one.
- (d) less than zero; more than zero

2. Attempt all parts:-

- 2.a. Explain the concept of compounding. (CO1) 2
- 2.b. Explain the syntax of pie charts in excel as used in finance. (CO2) 2

- 2.c. Discuss non-operating expenses.(CO3) 2
- 2.d. Describe the calculation and interpretation of Proprietary ratio or equity ratio. (CO4) 2
- 2.e. Explain how beta is calculated in excel. (CO5) 2

SECTION-B

30

3. Answer any five of the following:-

- 3-a. Explain the uses and features of a good financial model. (CO1) 6
- 3-b. Discuss DCF analysis. (CO1) 6
- 3-c. Discuss the importance of freeze pane in Microsoft Excel. (CO2) 6
- 3-d. Explain absolute cell reference in excel. (CO2) 6
- 3.e. Explain how is 'dividend paid' treated by a financial enterprise for the purpose of preparing cash flow statement? (CO3) 6
- 3.f. Make a comparison between NPV and IRR methods. Which one of the two you find to be more rationale and why? (CO4) 6
- 3.g. Analyse why is the cost of debt most appropriately measured after tax basis. (CO5) 6

SECTION-C

50

4. Answer any one of the following:-

- 4-a. An investor requires Rs 1,00,000 after two years. If the investor can earn 6% compounded quarterly, how much the investor need to invest today. Explain how to calculate using excel. (CO1) 10
- 4-b. Financial models are used for taking decision on raising capital from debt or equity. Explain (CO1) 10

5. Answer any one of the following:-

- 5-a. Explain Text Concatenation Operator in Excel. (CO2) 10
- 5-b. Explain the functions for working with a matrix in excel. (CO2) 10

6. Answer any one of the following:-

- 6-a. Explain three main financial statements prepared by a firm. (CO3) 10
- 6-b. Give any five transactions belong to operating and investing activities. (CO3) 10

7. Answer any one of the following:-

- 7-a. Describe different types of liquidity ratios. (CO4) 10
- 7-b. Analyze the long term financial position using Debt equity ratio. (CO4) 10

8. Answer any one of the following:-

- 8-a. Explain two types of risk associated with equity. (CO5) 10
- 8-b. Calculate the expected return for a security whose beta is 0.75, risk free rate is 5% and the expected return of the market is 14%. (CO5) 10