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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

M.B.A.

SEM: IV - THEORY EXAMINATION (2021 - 2022)

Subject: Financial Modeling

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 mark each & 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

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1. Attempt all parts:-

- 1-a. The cash flows at different time periods should be made comparable to take sound decisions by adjusting which of the following? (CO1) 1
- (a) Timing
 - (b) Timing & Risk
 - (c) Risk
 - (d) None of these
- 1-b. In a typical loan amortization schedule, the total amount of money paid each period. (CO1) 1
- (a) Increases with each payment
 - (b) decreases with each payment
 - (c) remains constant with each Payment
 - (d) None of these
- 1-c. "=IF(A23>=100,"Prize","No Prize")" 1
What would show in the cell after you hit enter if the value in A23 is 89? (CO2)
- (a) Prize
 - (b) No Prize
 - (c) Blank cell
 - (d) 89
- 1-d. Which is used to perform what if analysis? (CO2) 1
- (a) Solver
 - (b) Goal seek
 - (c) Scenario Manager
 - (d) All of above
- 1-e. Interpretation of Financial Statements includes: (CO3) 1
- (a) Criticisms and Analysis
 - (b) Comparison and Trend Study
 - (c) Drawing Conclusion
 - (d) All the above
- 1-f. Sales less Cost of goods sold is called: (CO3) 1
- (a) Operating Profit
 - (b) Gross Profit
 - (c) Net Profit

- (d) Total Profit
- 1-g. NPV method and IRR method always give to mutually exclusive projects: (CO4) 1
- (a) Same Ranking,
 (b) Different Ranking,
 (c) Inverse Ranking
 (d) None of the Above.
- 1-h. If IRR of a project is equal to opportunity cost of capital then: (CO4) 1
- (a) Project should be repeated
 (b) NPV will be zero,
 (c) Project has no cash flows,
 (d) NPV will be positive.
- 1-i. According to the capital-asset pricing model (CAPM), a security's expected (required) return is equal to the risk-free rate plus a premium: (CO5) 1
- (a) equal to the security's beta.
 (b) based on the unsystematic risk of the security.
 (c) based on the total risk of the security.
 (d) based on the systematic risk of the security.
- 1-j. Cost of Capital refers to: (CO5) 1
- (a) Flotation Cost,
 (b) Dividend,
 (c) Required Rate of Return,
 (d) None of the above.

2. Attempt all parts:-

- 2.a. Explain the concept of time value of money. (CO1) 2
- 2.b. Explain how to add stock data to the excel. (CO2) 2
- 2.c. Describe the importance of financial reports. (CO3) 2
- 2.d. Describe the interpretation of Inventory turnover ratio. (CO4) 2
- 2.e. Explain efficient frontier and capital market line. (CO5) 2

SECTION B

30

3. Answer any five of the following:-

- 3-a. Differentiate between compounding and discounting techniques for an annuity. (CO1) 6
- 3-b. Explain P/E, P/BV AND P/Sales multiples of valuation. (CO1) 6
- 3-c. Explain the use of pivot tables in Excel. (CO2) 6
- 3-d. Explain YIELD as a financial function in excel. (CO2) 6
- 3.e. Discuss any four key metrics in the analysis of cash flow statement. (CO3) 6
- 3.f. Contrast IRR method with NPV method. Why might these two techniques lead to conflict in project ranking? (CO4) 6
- 3.g. Explain book value vs market value weights in cost of capital. (CO5) 6

SECTION C

50

4. Answer any one of the following:-

- 4-a. Rs 1,00,000 is deposited into an interest-bearing account that pays 10% interest p.a. The investor's goal is 1,50,000. In how many years investor will be able to realise his goal? (CO1) 10
- 4-b. Explain the steps to build a financial model. (CO1) 10

5. Answer any one of the following:-

- 5-a. Differentiate between DB, DDB and VDB financial function in excel. (CO2) 10

- 5-b. Explain how to find slope of a regression line? (CO2) 10
6. Answer any one of the following:-
- 6-a. Explain the Objectives of financial statement analysis. (CO3) 10
- 6-b. Explain the relationship between net income on the income statement and the equity section on a balance sheet. (CO3) 10
7. Answer any one of the following:-
- 7-a. Describe different types of liquidity ratios. (CO4) 10
- 7-b. Explain NPV as a project evaluation technique focusing on its measurement, merits and demerits. (CO4) 10
8. Answer any one of the following:-
- 8-a. Calculate the Beta of a security using CAPM with the following particulars: risk free rate 6%, return from the market 15% and expected return of 22%. (CO5) 10
- 8-b. Calculate Treynor's ratio of a portfolio with beta 1.8, Return of 19.75%, risk free rate of return 6%, standard deviation of 26.3% and market return is 12%. (CO5) 10