Program: T.Y.B.Com(A & F) Semester: V Program Code: UGAF03

Course: Project Management Course Code: NUAF506

Duration: 1 Hour Examination Pattern: NEP-Autonomous-External Max. Marks: 30

Instructions:

1. All questions are compulsory.
2. CO (Course Outcome), KL (Knowledge Level).
3. Attempt Any two questions from Q2 to Q4

Examination:

REGULAR

Q. 1		Answer the following.					[10]	CO's	KL's
	(a)	Fill in the blanks with an appropriate answer from the alternatives given.					[05]	CO1 CO2 CO3	L1
		I	Which of the following is an internal source of finance _____.				. .		
			a.	Equity Share Capital	b.	Retained Earnings			
			c.	Debentures	d.	Bank Loan			
		II	The primary purpose of project planning is to _____.						
			a.	Eliminate all risks permanently	b.	Achieve project objectives efficiently			
			c.	Increase conflicts among team members	d.	Increase project cost			
		III	An Operating Cycle mainly represents the _____.						
			a.	Annual audit period	b.	Employee working hours			
			c.	Time taken to convert resources into cash	d.	Time required to prepare accounts			
		IV	System Integration in project management refers to _____.						
			a.	Increasing project duration	b.	Preparing financial statements			
			c.	Combining unrelated projects	d.	Coordinating all project components into a unified system			
		V	Work Study is primarily undertaken to _____.						
			a.	Reduce product quality	b.	Increase wastage			
			c.	Improve efficiency and productivity	d.	Increase idle time			

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	(b)	**State whether the following statements are true or false.**		[05]	CO's	KL's
		I	Equity Share Capital is a source of finance for projects.		CO1	L1
		II	Efficient Investment Analysis assists management in selecting financially viable projects.		CO2 CO3	
		III	Leveraging in project finance mainly refers to using borrowed funds to finance a project.			
		IV	Repetitive nature is a characteristic of a project.			
		V	A project is a temporary endeavour undertaken to create a unique product, service, or result.			
Q. 2		**Solve the following.**		[10]	CO's	KL's
		A manufacturing company is evaluating a proposed project involving the installation of a new production facility. The management is required to assess the financial feasibility of the proposed project before taking a final investment decision. The project requires an initial investment of ₹8,00,000. Based on the estimated operating conditions, the project is expected to generate the following annual cash inflows over its projected period: **Year** | **Expected Cash Inflow (₹)** 1 | 2,00,000 2 | 2,50,000 3 | 3,00,000 4 | 2,50,000 The management has considered the above cash inflows based on the expected operating and technical conditions of the project. The project appraisal team has been asked to make a preliminary assessment of whether the expected financial benefits from the project are adequate in relation to the initial investment. **Required :** a) Calculate the total expected cash inflows. b) Compare the total expected cash inflows with the initial investment. c) Calculate the percentage recovery of the initial investment. d) State whether the project is financially feasible, with a suitable reason.			CO1	L3
Q. 3		**Solve the following.**		[10]	CO's	KL's
		A company proposes to undertake a new project involving a total investment of ₹20,00,000. The company plans to finance the project through the following sources: **Source of Finance** | **Amount / Proportion** Equity Share Capital | ₹8,00,000 Term Loan | ₹6,00,000			CO2	L3

		Retained Earnings ₹4,00,000 Bank Loan ₹2,00,000 The company wants to analyse the contribution of each source towards the total project financing. The management also wishes to assess the composition of owned and borrowed funds. A proper analysis of the financing mix will help the company understand the relative contribution of different sources of funds. It will also assist management in evaluating the overall structure of project financing. **Required :** a) Calculate the total funds available for financing the project. b) Calculate the percentage contribution of each source of finance. c) Identify the proportion of owned funds and borrowed funds. d) State which category of financing—owned or borrowed—constitutes a larger portion of the project financing.			
Q. 4		**Solve the following.**	**[10]**	**CO's**	**KL's**
		A company is planning to undertake a new project. The following estimates are available for the first year of operation: • Expected Cash Sales: ₹12,00,000 • Expected Credit Sales: ₹8,00,000 • Cash Collection from Credit Sales during the year: ₹6,00,000 • Payment to Suppliers: ₹7,00,000 • Wages and Salaries: ₹3,00,000 • Administrative Expenses: ₹1,50,000 • Other Operating Expenses: ₹50,000 • Purchase of Machinery: ₹2,00,000 • Loan Instalment Repaid: ₹1,00,000 • Opening Cash Balance: ₹1,50,000 Additional information: • The project requires working capital equal to 10% of total operating cash outflows, excluding purchase of machinery and loan repayment. The management wants to prepare a cash-flow projection to assess the project's expected cash position during the first year of operation. The analysis will help management evaluate the adequacy of cash generated from operations and determine the funds required for working capital and other project commitments. **Required :** a) Prepare a Cash-Flow Projection for the first year. b) Calculate the working capital requirement. c) Determine the Closing Cash Balance after considering the working capital requirement and capital expenditure.		**CO2**	**L3**

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