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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, April / May 2018

Program: B.Tech GSE/GIE
Subject (Course): Asset Management
Course Code : GSEG411

Semester – VIII
Max. Marks: 100
Duration : 3 Hrs

SECTION – A COMPULORY [20 Marks]

S.No		Marks	CO
Q.1	Explain the following terms: (i) De- bottlenecking; (ii) Commercial Opportunities	[2×2=4]	CO4
Q.2	Do you think that there is a relationship between Post auditing and a company's growth ? If yes then why?	[4]	CO6
Q.3	What are the decision rules for NPV?	[4]	CO1
Q.4	Define the term Portfolio management and what are its objectives?	[4]	CO1
Q.5	Why is a company's track record its most important selling point?	[4]	CO2

SECTION – B [40 Marks]

Q.6	(a) What is knowledge management? (b) Describe the methods to bring a process of knowledge management in an organization	[4+6]	CO4
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- Q.7** (a) What is meant by Quality Assurance (QA) in asset management? [2+8] CO3
 (b) Describe the formal and informal reviews that are used during the asset life cycle for Quality Assurance.
- Q.8** Describe the significance of Front End Loading (FEL) technique in asset management. [10] CO4
- Q.9** Describe the scope of asset management. [10] CO2

OR,

Why is asset management important for any industry or an organization

SECTION –C
[40 Marks]

- Q.10** Describe the ten common mistakes that the company commits in managing assets. [20] CO5
- Q.11** (a) What is Pay Back period ? [2+2 CO1
 (b) What is the decision rule for pay back period? +2+16]
 (c) What are the advantages and disadvantages of pay back period?
 (d) You are given the cash flows of the four projects, A, B, C, and D. Using the Payback Period decision model, which projects do you accept and which projects do you reject with a three year cut-off period for recapturing the initial cash outflow?

Projects	A	B	C	D
Cost	\$10,000	\$25,000	\$45,000	\$100,000
Cash Flow 1 st Year	\$4,000	\$2,000	\$10,000	\$40,000
Cash Flow 2 nd Year	\$4,000	\$8,000	\$15,000	\$30,000
Cash Flow 3 rd Year	\$4,000	\$14,000	\$20,000	\$20,000
Cash Flow 4 th Year	\$4,000	\$20,000	\$20,000	\$10,000
Cash Flow 5 th Year	\$4,000	\$26,000	\$15,000	\$0
Cash Flow 6 th Year	\$4,000	\$32,000	\$10,000	\$0

OR ,

- (a) Define the term Internal Rate of Return (IRR).
- (b) A company uses the IRR to evaluate investment opportunities and need to make a decision regarding the viability of a project, the details of which is given below. Compute the IRR considering the cost of capital or the discount rate as 15%. **[2+18]**

Year	Cash Flows
0	\$2,000,000
1	\$300,000
2	\$500,000
3	\$700,000
4	\$900,000
5	\$200,000
