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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
Online End Semester Examination, May, 2021

Course: Asset management Program: B.Tech. GSE/GIE Course Code: PEGS 4002	Semester: VIII Time: 03 hrs. Max. Marks: 100
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SECTION A (ALL QUESTIONS COMPULSORY) Each Question carries 5 Marks			
S.No.		Marks	CO
Q.1	Fill in the blanks: (a) ----- represents a weighted average of possible NPV's of all outcomes from an event in which weights reflect probabilities of outcomes. (b) ----- assets includes the organization's brand & reputation, image, goodwill, customer's relations etc. (c) ----- is the broad intentions of an organization. (d) ----- assets undergo depreciation & they cannot be liquidated readily to cash to meet short-term operational expenses or investments. (e) The PAS 55 2008 was released in Dec.,2008 along with a ----- for self assessment against the specification.	[5]	CO1
Q.2	State whether True or False. If False, give the correct answer. (i) Setting Asset Management objectives provides an important foundation for building a weak track record by the company. (ii) Trade-offs are the result of a process where the team evaluates options for the project and decides which approach does not meet the project's goals.	[5]	CO2

	<p>(iii) Gantt Chart shows sequence of activities against cost reference.</p> <p>(iv) Asset management plan is the chaotic process of deploying, operating, maintaining, upgrading, and disposing of tangible and intangible assets cost-effectively.</p> <p>(v) British Standards Institutions have brought out a standard called OSAS 18001 : 1999</p>		
Q.3	<p>Fill in the blanks:</p> <p>(i) An asset management process involves ----- decision making.</p> <p>(ii) The project is divided over several stages which are separated by stage -----.</p> <p>(iii) ----- members include all functions whose expertise is needed on a part time basis.</p> <p>(iv) Decisions are made by a Decision Board with representatives from the Business Unit, ----- and Management.</p> <p>(v) For quality assurance for an asset, the formal review is -----meeting led by an appointed chairman</p>	[5]	CO3
Q.4	<p>State whether True or False. If False, give the correct answer.</p> <p>(i) At present times, the life cycle cost for asset development is becoming an important consideration in selection of technology.</p> <p>(ii) The CAPEX costs are those that a business incurs as a result of its normal business operations.</p> <p>(iii) Overhead costs are the ongoing costs regardless of whether a business makes any revenue or not</p> <p>(iv) In order to optimize the production costs, there is no need to examine the cost components as well as the production volume.</p> <p>(v) Since the oil plumes have the same reflectivity as water, thus they are detected by satellites.</p>	[5]	CO4

<p>Q.5</p>	<p>Choose the most appropriate answer</p> <p>(i) Project ----- is a preliminary assessment of the “project suitability” for the selection (a) Resource (b) Budget (c) Cost (d) Screening</p> <p>(ii) The amount of oil in one litre of water that is discharged from the producing facility should be less than ----- (a) 10 mg/l (b) 5 mg/l (c) 20mg ml (d) 50mg/l</p> <p>(iii) ----- off is the result of a process where the team evaluates the various options for the project and decides which approach best meets the project's goal. (a) Trade (b) Budget (c) Resource allocation (d) Cost</p> <p>(iv) The ----- road map for an asset consists of developing a Gantt Chart for negotiating fiscal terms (a) Commercial (b) Regulatory (c) Technical (d) Community</p> <p>(v) The objective of Asset management is to ----- the value of asset (a) See only business (b) Screen (c) Maximize (d) Minimize</p>	<p>[5]</p>	<p>CO2</p>
<p>Q.6</p>	<p>Choose the most appropriate answer</p> <p>(i) Value ----- phase includes execution, production & abandonment of assets (a) Creation (b) Preservation (c) balancing</p> <p>(ii) The company can maximize the asset value in ----- phases of asset life cycle by building a less expensive facility or by sharing the facility. (a) Early (b) Later (c) All (d) Few</p> <p>(iii) Value ----- are the set of actions that enable to achieve its goals i.e. maximization of the value of an asset. (a) Levels (b) Levers (c) setters (d) enhancers</p>	<p>[5]</p>	<p>CO4</p>

	<p>(iv) Decision map is also called as a ----- tool as it conveys plans to everyone, shows current status & document progress to decision makers Days Sales Opportunities</p> <p>(a) Panning (b) Team work (c) Communication</p> <p>(v) The variables with high level of uncertainty & risks are treated -----</p> <p>(a) Deterministically (b) Probabilistically</p>		
	<p>SECTION B</p> <p>1. Each question carries 10 marks</p> <p>2. Instruction: Write short / brief notes</p>		
Q.1	<p>(a) Evaluate the consequences if any company / industry commits In – adequate Front End Loading and also if there is Misalignment with Company strategy in asset management.</p> <p style="text-align: center;">OR,</p> <p>(b) Evaluate the consequences if any company / industry commits Optimistic Assumptions and sets Premature facility design in asset management.</p>	[5+5]	CO5
Q.2	<p>Explain the following terms :</p> <p>(a) EMV</p> <p>(b) Portfolio and Portfolio Management</p>	[5+5]	CO1
Q.3	<p>Explain Pareto principle and analyze the application of Pareto principle in asset management .</p>	[10]	CO4
Q.4	<p>Analyze the external factors that influences the asset value.</p>	[10]	CO2
Q.5	<p>(a) Distinguish between After Action Review (AAR) and Peer Review.</p> <p>(b) Define the term Look Back Process and analyze the relationship between Look Back Process and the Growth of an company.</p>	[4+6]	CO6

SECTION C			
	<p>1. Each Question carries 20 Marks.</p> <p>2. Instruction: Write long answer.</p>		
Q.1	<p>(a) Explain the term Decision Tree Analysis</p> <p>(b) You are CEO of Amuse Me Inc. The shareholders have shown interest in maximizing business opportunities in a process plant. You have two options – either build a new plant investing \$8M or revamp an existing plant investing \$3M.</p> <p>If you build a new plant, there is a 75% chance of a high demand and you will realize \$15M in revenues and a 25% chance of a weak demand and you will realize \$5M in revenues.</p> <p>If you revamp the existing plant, there is a 60% chance of a high demand and you will realize will realize \$10M in revenues and a 40% chance of a weak demand and you will realize \$2M in revenues.</p> <p>What is the EMV of either option?</p> <p>Should you build a new plant or revamp the existing plant?</p> <p style="text-align: center;">OR,</p> <p>(a) Explain the term IRR.</p> <p>(b) Evaluate the modified IRR and take a decision for an investment opportunity having initial cash outflow of \$20,000. The cash inflows during the first, second, third, fourth and fifth years are expected to be \$12,000, \$6000, \$5000, \$10,000 and \$7000 respectively. Assume the rate of interest as 10%.</p>	[2+18]	CO1

