

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(END SEMESTER EXAMINATION)**

CLASS: MBA/PRE-PHD
BRANCH: MANAGEMENT

SEMESTER : I/NA
SESSION : MO/18

SUBJECT: MT402 FINANCIAL ACCOUNTING & MANAGEMENT

TIME: 3.00 HRS

FULL MARKS: 50

INSTRUCTIONS:

1. The question paper contains 5 questions each of 10 marks and total 50 marks.
 2. Attempt all questions.
 3. The missing data, if any, may be assumed suitably.
 4. Before attempting the question paper, be sure that you have got the correct question paper.
 5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.
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- Q.1(a) Explain the scope of Financial Management with special reference to Ezra Solomon's model. [5]
Q.1(b) "Ratio analysis is an important managerial decision making tool provided, the managers use the tool with precautions". Explain. [5]

- Q.2(a) Prepare Schedule of Working Capital Changes and Statement of Sources and Uses of Fund from the following data of M/s. Jain & Co. Ltd [5]

(Rs. in lac)					
Liabilities	Year I	II	Assets	Year I	II
Share Capital	200	320	Fixed Assets (net)	100	120
Reserve & Surplus	60	60	Investment	20	40
Debentures	20	---	<u>Current Assets</u>		
Bank Loan	100	70	Sundry Debtors	79	100
Sundry Creditors	20	10	Stocks	200	195
			Cash at Bank	01	05
	400	460		400	460

- Additional Information: The Depreciation for the year II is recorded as Rs. 12 lacs;
Q.2(b) Calculate Benefit Cost Ratio of the project on the basis of the following data and information: [5]
- i. Investment in the project: Rs. 100,000
 - ii. Life of the projects is assumed as 4years
 - iii. The value of k (Discounting Factor) is @12% p.a.
 - iv. The projected cash flows of the project are as follows

Year	Cash Flow(CF) Rs.in '000	Remarks
0	100	
1	25	
2	40	
3	40	
4	50	

- Q.3(a) Explain MM approach of Capital Structure theory. [5]
Q.3(b) The following data for M/s. Excell & Co. may be considered. [5]
Price per unit Rs.150, Variable cost per unit Rs.100 and Fixed cost Rs.120,000/-.

Quantity(units)produced	1000	2000	3000	4000	5000

Calculate Degree of Operating Leverage and submit your comments showing *Operating Break Even point* in different level of quantity produced by the Co.

- Q.4(a) "The practicing managers are more concerned with the Gross Working Capital concept than Net Working Capital concept". Explain [5]
Q.4(b) Explain Working Capital and Working Capital Financing policy of any Co. [5]
Q.5(a) Explain critically the Miller-Modigliani Model in managerial decision making in dividend distribution. [7]
Q.5(b) Explain the influencing factors of dividend policy of any company. [3]