

BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(END SEMESTER EXAMINATION MO/2022)

CLASS: MBA
BRANCH: MBA

SEMESTER: I
SESSION: MO/22

SUBJECT: MT402 FINANCIAL ACCOUNTING AND MANAGEMENT
TIME: 03 Hours **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. Tables/Data handbook/Graph paper etc., if applicable, will be supplied to the candidates
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- Q.1(a) Briefly explain the nature of financing decision. (CO-1, BT-2) [5]
Q.1(b) Differentiate between the concept of profit maximization and wealth maximization. (CO-1, BT-4) [5]

- Q.2(a) Discuss the significance and limitations of ratio analysis? (CO-2, BT-2) [5]
Q.2(b) Form the given data calculate the following ratios. (i) Gross profit margin (ii) Net profit margin (iii) inventory turnover ratio (iv) working capital turnover ratio. (CO-2, BT-3) [5]

Sales	25,20,000	Other current assets	7,60,000
Cost of sales	19,20,000	Fixed assets	14,40,000
Net profit	3,60,000	Net worth	15,00,000
Inventory	8,00,000	Debt	9,00,000
Current liabilities	6,00,000		

- Q.3(a) Does financial leverage always affect the earning per share? Illustrate your answer. (CO-3, BT-3) [5]
Q.3(b) A company considering whether to purchase anew machine. Machine A&B are available for Rs. 80,000. Earning after taxation are as follows. [5]

Year	A	B
1	24,000	8,000
2	32,000	24,000
3	40,000	32,000
4	24,000	48,000
5	16,000	32,000

Evaluate the two alternatives using the following payback and net present value assuming the discount rate 10%. (CO-3, BT-4)

- Q.4(a) Critically evaluate the traditional approach of valuing the firm. Briefly explain the three stages of traditional approach. (CO-4, BT-4) [5]
Q.4(b) What is the trade-off between long-term and short-term financing of working capital? (CO-4, BT-4) [5]
Q.5(a) Give arguments to support the view that dividends are irrelevant. (CO-5, BT-3) [5]
Q.5(b) Write short notes on any two: - (CO-5, BT-2) [5]
 (a) Opportunity cost of capital
 (b) Operating cycle
 (c) Forms of dividend.

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