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

CLASS: MBA/PRE-PHD   SEMESTER : I
BRANCH: MANAGEMENT   SESSION : MO/2023

SUBJECT: MT402 FINANCIAL ACCOUNTING AND MANAGEMENT

TIME: 3 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. 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.

			CO	BL
Q.1(a)	What is the purpose behind and the methods employed by companies in raising funds?	[5]	1	2
Q.1(b)	What is the difference between Long-Term and Short-Term finance functions or decisions?	[5]	1	4

Q.2(a)   A company sale is Rs. 4,50,000/-. Cost of good sold is Rs. 2,40,000 and inventory is Rs.   [5]   2   3
         90,000/- What is its turnover? Also calculate its gross margin.
Q.2(b)   Explain the need for the financial analysis, how does the use of ratios help in financial   [5]   2   2
         analysis?

Q.3(a)   Consider the following two projects. Calculate their NPV at 9% and rank the project on the   [5]   3   3
         basis of their NPV.

Cash Flows	Project (P)	Project (Q)
C_0	-840	-840
C_1	700	70
C_2	350	420
C_3	70	760

Q.3(b)   How does the use of financial leverage result in increased financial risk?   [5]   3   4

Q.4(a)   Analyze how nature of business, market condition and technology affect firm's working   [5]   4   4
         capital requirement.
Q.4(b)   Examine and describe what happens if a company has access of working capital available.   [5]   4   3

Q.5(a)   "According to Walters model the optimum payout ratio can be either 0 or 100%". Explain   [5]   5   2
         the condition when this is true.
Q.5(b)   Write short notes on any two: [5]   5   3
         (a) Net Income Approach
         (b) Operating Leverage
         (c) Payback Period

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