QP Code: R262D012 | Reg. No | | | | | | | | | | | AY - 24

Gandhi Institute of Engineering and Technology University, Odisha, Gunupur
(GIET UNIVERSITY)

M.B.A. (Second Semester) Regular Examinations, May – 2026

25MBPC204- Financial Management

(MBA)

Time: 3 hrs | Maximum: 60 Marks

(The figures in the right hand margin indicate marks.)

PART – A **(2 x 5 = 10 Marks)**

Q.1. Answer ***ALL*** questions

		CO #	Blooms Level
a.	Define financial management.	CO1	K1
b.	Write down the concept of present value.	CO2	K1
c.	Explain about capital structure.	CO3	K2
d.	Write down the types of Debentures.	CO3	K3
e.	What do you mean by dividend?	CO4	K1

PART – B **(10 x 5 = 50 Marks)**

Answer ***all*** questions

		Marks	CO #	Blooms Level
2. a.	Explain the concept of Time Value of Money**.** Discuss its importance in financial decisions with examples	10	CO1	K2
	OR			
b.	Mr. Ramesh invested ₹1,00,000 for one year in a finance company @ 12% P.A. Find out the maturity value as per nominal rate of interest. Take 4 possible cases and suggest which one is good for the investor.	10	CO2	K5
3. a.	Discuss the Internal Rate of Return (IRR) method with steps involved in its calculation and explain the merits and demerits.	10	CO2	K3
	OR			
b.	Initial investment: ₹ 8,00,000 Life of the asset is 4years, Estimated net annual cash inflows: 1 st year = ₹ 2,50,000 2^{nd} year = ₹ 3,00,000 3^{rd} year = ₹ 3,00,000 4^{th} year = ₹ 3,50,000. Calculate the internal rate of interest?	10	CO3	K5
4. a.	Explain the concept of Capital Structure. Discuss the assumptions, features, and limitations of the Net Income (NI) Approach to Capital Structure Theory.	10	CO4	K3
	OR			
b.	ABC company has currently have equity capital consisting of 10,000 equity shares, of ₹ 100 each. The management is planning to raise another ₹10,00,000 to finance a major programme of expansion and is considering three alternative methods of financing: i) To issue 10,000 equity shares of ₹100 each, ii) To issue 10,000, 8% debentures of ₹100 each, iii) To issue 10,000, 8% preferential shares of ₹100 each.	10	CO4	K6

The companies expected earnings before interest and taxes will be ₹ 3,00,000. Assuming a corporate tax Rate is 40%. Determine EPS in each alternative, and comment which alternative is best.

5. a. Briefly write down the merits of adequacy of working capital — 10 CO5 K3

OR

b. From the following information extracted from the books of a manufacturing concern, compute the Net operation cycle period in days. — 10 CO5 K6

Particulars	
Period covered	360 Days
Average period of credit allowed by suppliers	10 Days
Average total of debtors outstanding	₹4,80,000
Material consumed during the year	₹ 20,00,000
Cost of production during the year	₹ 30,00,000
Total cost of goods sold for the year	₹1,05,00,000
Sale for the year	₹1,60,00,000
Value of average stock maintained:	
Raw material	₹3,20,000
Work in progress	₹3,50,000
Finished goods	₹2,60,000

6. a. Describe briefly the concept of level setting including reordering level, minimum level, maximum level, danger level and average stock level in inventory management? — 10 CO6 K3

OR

b. Prepare Stores ledger account from the following information: — 10 CO6 K6

Receipt of materials as follows:
Jan. 1 Opening Balance: 500 units @ ₹ 40
Jan. 5 Received from vendor: 200 units @ ₹ 42
Jan. 12 Received from vendor: 150 units @ ₹ 45
Jan. 20 Received from vendor: 350 units @ ₹ 48
Jan 26 Received from vendor : 280 Units @ ₹ 50

Issues of material were as follows: Jan. 4 was 200 units; Jan. 10 was 400 units; Jan. 15 Was150 units. Jan. 22 was 300units.

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