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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – January 2025** |
| **Date:** 02 -01-2025 **Time:** 09:30 am – 12:30 pm |

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| **School:** SOCSE | **Program:** CSE/ISE/ISR/IST/ISD | |
| **Course Code:** MGT2021 | **Course Name :** Finance for Engineers | |
| **Semester**: VII | **Max Marks**: 100 | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **14** | **28** | **28** | **28** | **NA** |

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

**Answer ALL the Questions. *(10 x 2Marks = 20Marks)***

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| **SL NO.** | **QUESTION** | **MARKS** | **BLOOM'S LEVEL** | **COURSE OUTCOME NO.** |
| **01** | Define financial management. | **2 Marks** | **Knowledge** | **CO1** |
| **02** | State any one objective of financial statements. | **2 Marks** | **Knowledge** | **CO1** |
| **03** | Write the formula for Net Present Value (NPV). | **2 Marks** | **Knowledge** | **CO3** |
| **04** | What is working capital? | **2 Marks** | **Knowledge** | **CO4** |
| **05** | Mention the advantages of Internal Rate of Return (IRR). | **2 Marks** | **Knowledge** | **CO3** |
| **06** | List any two types of the cost of capital. | **2 Marks** | **Knowledge** | **CO3** |
| **07** | Define the time value of money. | **2 Marks** | **Knowledge** | **CO2** |
| **08** | State the purpose of calculating Weighted Average Cost of Capital (WACC). | **2 Marks** | **Knowledge** | **CO3** |
| **09** | What is the significance of calculating payback period for a project? | **2 Marks** | **Knowledge** | **CO3** |
| **10** | Mention one difference between debt and equity financing. | **2 Marks** | **Knowledge** | **CO3** |

**Part B**

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| **Answer ALL the Questions. (5 x 7Marks = 35Marks)** | | | | **Bloom's Level** | **CO** |
| **11** | **a** | Explain Income statement, balance sheet and Cash flow statement with the formats. | **7 Marks** | **Understand** | **CO1** |
| **Or** | | | | |
| **b** | Prepare a cash flow statement from the details extracted from the cash book of YMCA LTD for the period ending 31.03.2024.  Receipts:  Capital Raised by issuing shares-Rs. 50,000;  Money received from customers-Rs. 35,000;  Sale of Plant and Machine-Rs.25000;  Sale of Long Term Securities-Rs. 10,000;  Money collected by issuing debentures-Rs. 20,000.  Payments:  Money paid to suppliers-Rs. 50,000;  Acquired Land-Rs. 40,000;  Salaries- Rs. 13,000;  Commission- Rs. 5,000;  Dividends-Rs. 7,000;  Bank Loan Repaid-Rs. 25,000. | **7 Marks** | **Apply** | **CO1** |

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| **12** | **a** | Explain payback period method of Payback period method. Describe the benefits and shortcomings of Payback period. | **7 Marks** | **Understand** | **CO2** |
| **Or** | | | | |
| **b** | From the information given, find NPV of the project.  Initial investment- Rs. 120,000  Cash inflow 1- Rs. 30,000  Cash inflow 2- Rs. 32,000  Cash inflow 3- Rs. 42000  Cash inflow 4- Rs. 45000  Cash inflow 5- Rs. 36000  The discount rate is 12% | **7 Marks** | **Apply** | **CO2** |

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| **13** | **a** | Explain the different roles of finance in business. | **7 Marks** | **Understand** | **CO1** |
| Or | | | | |
| **b** | Explain the advantages and disadvantages of Accounting Rate of Return. | **7 Marks** | **Understand** | **CO2** |

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| **14** | **a** | Explain different policies related to current assets investment. | **7 Marks** | **Understand** | **CO4** |
| **Or** | | | | |
| **b** | Explain the factors affecting working capital. | **7 Marks** | **Understand** | **CO4** |

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| **15** | **a** | Janam Ltd. issues 12 per cent preference shares of the face value of Rs 1000 each. Flotation costs are estimated at 5 per cent of the expected sale price.  Find the cost of preference share if preference shares are issued at   1. par value 2. 10 per cent premium, and 3. 10 per cent discount | **7 Marks** | **Apply** | **CO3** |
| **Or** | | | | |
| **b** | Give a detailed note on Debentures and Preference shares. | **7 Marks** | **Understand** | **CO3** |

**Part C**

**Answer Any THREE Questions. Each question carries 15 marks.**  
***(3Qx 15M = 45 M)***

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| **SL NO.** | **QUESTION** | **MARKS** | **BLOOM'S LEVEL** | **COURSE OUTCOME NO.** |
| **16** | “Understanding financial management is essential for engineers.” Discuss its importance with examples of real-world applications. | **15 Marks** | **Analysis** | **CO1** |
| **17** | A project requires an initial investment of ₹2,00,000. The expected cash inflows for the next four years are as follows: Year 1: ₹50,000  Year 2: ₹60,000  Year 3: ₹70,000  Year 4: ₹80,000 Calculate: (a) The Payback Period (b) Net Present Value (NPV) using a discount rate of 10%. | **15 Marks** | **Application** | **CO3** |
| **18** | A company has the following capital structure:  Equity: ₹6,00,000 with a cost of equity at 12%  Debt: ₹4,00,000 with a cost of debt at 8%  Preference shares 3,00,000 with a cost of 9%  Retained earnings of 2,00,000 with a cost of 12%. Calculate the Weighted Average Cost of Capital (WACC). | **15 Marks** | **Application** | **CO3** |
| **19** | A company’s working capital requirements are based on the following details:  Raw materials inventory: ₹2,00,000 (1 month)  Finished goods inventory: ₹3,00,000 (2 months)  Accounts receivable: ₹4,00,000 (3 months)  Accounts payable: ₹1,50,000 (1.5 months)  Overheads: ₹50,000 (1 month). Calculate the net working capital requirement for the company. | **15 Marks** | **Application** | **CO4** |