Roll No										

PRESIDENCY UNIVERSITY

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Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956
Approved by AICTE, New Delhi | Approved By BCI
Bengaluru

Even Semester End Term Examination, May / June 2026		
Date: 22/05/2026		**Time: 01.00 PM - 04.00 PM**
Course Code: MGT2021	**Course Name: Finance for Engineers**	
Semester: Fourth Semester	**Max. Marks: 100**	**Weightage: 50%**

CO - Levels	CO1	CO2	CO3	CO4
Marks	**66**	**38**	**38**	**38**

Part A: Answer Following Questions. 20 M

Qn.No	Questions	M	CO	BT
1	Recall the different sources of finance.	2	CO1	BT1
2	What is the time value of money?	2	CO2	BT1
3	List any two steps in the capital budgeting process.	2	CO2	BT1
4	Define net present value (NPV).	2	CO2	BT1
5	What is meant by bonus shares?	2	CO3	BT1
6	Define cost of capital.	2	CO3	BT1
7	What is meant by weighted average cost of capital (WACC)?.	2	CO3	BT1
8	Explain bill discounting in simple terms.	2	CO4	BT2
9	What is net working capital?	2	CO4	BT1
10	List the types of working capital policies.	2	CO4	BT1

Part B: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
11.a	Explain financial statements, their objectives, and types in detail.	6	CO1	BT2
11.b	Following is the financial information of XYZ Ltd. Sales 800000 Cost of goods sold 70% of sales	10	CO1	BT2

	Indirect expenses 5% of sales Provision for tax 50% of net profit. Prepare the income statement of XYZ Ltd.			
12.a	Explain the role of finance in business and its importance in achieving organizational goals.	6	CO1	BT2
12.b	The following is the financial information for ABC Ltd. Sales 500000 Cost of goods sold 300000 Indirect expenses 100000 Provision for tax 65000. Prepare the income statement of ABC Ltd.	10	CO1	BT2

Part C: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
13.a	Explain the major financial management decisions.	6	CO1	BT2
13.b	**From the following information, compute the Income Statement (Trading and Profit & Loss Account) for the year ended 31 March 2025.**	10	CO1	BT2

Particulars	Amount (₹)
Opening Stock	25,000
Purchases	90,000
Sales	1,80,000
Wages	15,000
Rent	8,000
Salaries	18,000

	Closing Stock — **35,000**			
14.a	Critically examine the Cash Flow Statement by explaining its meaning, objectives, and importance in financial analysis.	6	CO1	BT2
14.b	**From the following information, prepare Trading and Profit & Loss Account for the year ended 31 March 2025:** **Adjustments:** **Rent outstanding ₹1,000** **Salaries prepaid ₹2,000**	10	CO1	BT2

Particulars	Amount (₹)
Opening Stock	30,000
Purchases	1,20,000
Sales	2,00,000
Wages	20,000
Rent Paid	9,000
Salaries Paid	25,000
Closing Stock	40,000

Part D: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
15.a	Explain the payback period and accounting rate of return methods, highlighting their advantages and limitations.	6	CO2	BT2
15.b	A project costs Rs. 20,00,000 and yields annually a profit of Rs. 3,00,000 after depreciation @ 12½% but before tax at 50%. Calculate the pay-back period. Profits under PBP should be in the format of PBDAT.	10	CO2	BT1

	Profit 3,00,000(PADBT) .			
16.a	Explain the concept of capital budgeting and discuss its need and importance in business decision-making.	6	CO2	BT2
16.b	A company is considering two projects with the following cash flows. Compute NPV at 10% discount rate. Project X: Initial outlay ₹2,00,000; inflows: ₹30,000, ₹40,000, ₹50,000, ₹30,000. Project Y: Initial outlay ₹2,50,000; inflows: ₹20,000, ₹30,000, ₹40,000, ₹60,000.	10	CO2	BT2

Part E: Answer Any 1 Following Questions. 16 M

Qn.No	**Questions**	**M**	**CO**	**BT**
17.a	Describe the significance of cost of capital in financial decisions.	6	CO3	BT2
17.b	**A company has got following capital structure** **Tax Rate = 30%** **Calculate the Weighted Average Cost of Capital (WACC).**	10	CO3	BT2

Source	Amount (₹)	Cost
Equity Shares	6,00,000	14%
Preference Shares	2,00,000	11%
Debt	4,00,000	10%

18.a	Explain various sources of finance and their suitability for different business needs.	6	CO3	BT2
18.b	A company has got following capital structure Tax Rate = 30% Calculate the **Weighted Average Cost of Capital (WACC)**.	10	CO3	BT2

	Source / **Amount (₹)** / **Cost** **Equity** / **5,00,000** / **12%** **Preference Shares** / **2,00,000** / **10%** **Debt** / **3,00,000** / **8%**			

Source	Amount (₹)	Cost
Equity	**5,00,000**	**12%**
Preference Shares	**2,00,000**	**10%**
Debt	**3,00,000**	**8%**

Part F: Answer Any 1 Following Questions. 16 M

Qn.No	Questions	M	CO	BT
19.a	Discuss different working capital policies (conservative, moderate, aggressive) and their implications.	6	CO4	BT3
19.b	Prepare an estimate of working capital from the following: · Raw Materials = ₹1,20,000 · WIP = ₹50,000 • Finished Goods = ₹90,000 • Debtors = ₹70,000 • Bills Receivable = ₹20,000 • Cash = ₹40,000 • Creditors = ₹60,000 • Bills Payable = ₹30,000 • Outstanding Expenses = ₹20,000 Safety Margin = 10% of Net Working Capital	10	CO4	BT3
20.a	Explain the factors determining working capital requirements in a business.	6	CO4	BT3
20.b	Prepare an estimate of working capital from the following: • Raw Materials = ₹80,000 • Work-in-Progress = ₹20,000	10	CO4	BT3

	• Finished Goods = ₹60,000 • Debtors = ₹40,000 • Cash Balance = ₹30,000 • Creditors = ₹25,000 • Outstanding Wages = ₹10,000 • Outstanding Expenses = ₹5,000 Safety Margin = ₹20,000			