

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -3 EXAMINATION- 2025

B.Tech-IV Semester (All Semester)

COURSE CODE (CREDITS): 18B11HS411 (3)

MAX. MARKS: 35

COURSE NAME: FINANCE AND ACCOUNTS

COURSE INSTRUCTORS: ASA, TGM

MAX. TIME: 2 Hours

Note: (a) All questions are compulsory.

(b) The candidate is allowed to make Suitable numeric assumptions wherever required for solving problems

Q.No	Question	CO	Marks
Q1	<p>Saransh Enterprises is planning to install a new machinery which will be costing Rs 20 lakh. The life of machine is 4 years and is expected to produce sales revenue of Rs 15 lakh in the first year, which will increase by Rs 1.5 lakh every year.</p> <p>First year manufacturing expenses and operating expenses will be Rs 3.3 lakh and Rs 1 lakh respectively.</p> <p>Manufacturing expenses and operating expenses are expected to increase by Rs 30,000/- and Rs 10,000/- per year till the life of the machine.</p> <p>The expected cost of capital for buying the machinery will be 15% per annum. Corporate tax rate is 20% and assuming no depreciation.</p> <p>Based on NPN and MIRR, what should the company do? Show all the relevant calculations.</p>	5	10
Q2	<p>Calculate the IRR of a project having initial investment of Rs 80,000. Cash flow of the next five years are as follows: Rs 50,000; Rs 70,000; (Rs 60,000); Rs 30,000; Rs 20,000.</p>	4	4
Q3	<p>Aarya enterprises is planning to raise Rs 15 lakh from market while maintaining its D/E ratio of 40:60. The company has paid a dividend of Rs 6/- which is expected to grow by 8% per year and its share is currently trading at Rs 455/- per share.</p> <p>Debt will be raised by issuing 15%, Rs 500 debenture having maturity period of 10 years. The debenture is expected to be issued at 5% discount and will be redeemed at 5% premium. The expected floatation cost is 3%. Assuming corporate tax of 20%, what will be the weighted average cost of capital?</p>	5	6
Q4	<p>ABC Ltd. requires ₹60,00,000 for an expansion project and is evaluating two financing options:</p> <p>Plan A: Issue 6,00,000 equity shares at ₹10 each.</p>	3	5