NC2.110.	R	eg.	N	0	
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SNS College of Technology, Coimbatore-35.

(Autonomous) Internal Assessment - II Academic Year 2023-2024 (Even) Second Semester



**Department of Management Studies** 

23BAT611 – Financial Management

Maximum Marks: 50

		Ansv	СО	Bloom	Marks				
1.	Rec	all the accept	tance rule of	CO 2	R	2			
2.	Out	line the mean	ing of Inter	CO 2	U	2			
3.	Def	ine Optimum	Capital Str	CO 3	R	2			
4.	Spe	ll out the con	cept of Cos	t of C	apital.		CO 3	R	2
5.	Exp	lain Operatin	g Leverage				CO 3	U	2
		-	PA	RT F	8				
	(2	* 13 Marks	= 26 Marks	& 1*	14 Marks = 14 Mar	ks)			
6.	a.	Calculate th	he Internal I	Rate o	of Return.		CO 2	An	13
		Initial Inve	stment Rs.6	0,000					
		Life of an A	Asset 4 Year	rs					
		Estimated A	Annual Casl	h Inflo	ows:				
			Year		Cash Inflows				
			Ι		15,000				
			II		20,000				
			III		30,000				
			IV		20,000				
	b.	X Limited	is conside	ring	the purchase of a	CO 2	An	13	
		machine.	Two alterna						
		been sugg	ested, each						
		Rs.4,00,000 and requiring Rs.20,000 as additional							
		working ca	pital at the e						
		taxation are	axation are expected to be as follows:						
		Year	Cash Inflo	ows	Cash Inflows				
		1	40,000		1 20 000				
		1			1,20,000				
		2	1,20,00	0	2 00 000				
		<u> </u>	2 40 00	0	1 20 000				
		5	2,40,000		80,000				
1		The compa	ny has a ta	of return on capital	10%				
1		and on this	e the						
1		profitability of the machines and state which							
1		alternative	you conside	er fina	ancially preferable i	using			
1		NPV Metho	od.			Ũ			

7.	a.	From the followin	CO 3	An	13				
-		structure of Blue L							
		of Capital using							
		a) Book Value We							
		b) Market Value V							
		Sources of Funds	5	Book	ζ.	Market			
				Valu	e	Value			
		Equity Share Cap	oital	45,00	00	90,000			
		Retained Earning	gs	15,00	)0	-			
		Preference Share	Capital	10,00	)0	10,000			
		Debentures		30,00	00	30,000			
		The after tax cost	of different	sourc	es of	finance is:			
		Equity Share Cap	ital 14% H	Retaine	ed Ea	rnings 13%			
		Preference Share C	Capital 10%	6 Deb	entur	es 8%			
			(or)						
	b.	Examine the capital structure theories in detail.						An	13
8	я	Case Study:							
,	u.	The following part	ticulars rela	ate to t	wo n	nachines	CO 2	An	14
		producing identica							
		Particulars	Machine A M			chine B			
		Original Cost	Rs,1,00,00	00	Rs.1,50,000				
		Life Years	5 Years		5 Y	ears			
		Profit Before			-				
		Depreciation							
		Year I	30,000		40,0	000			
		Year II	15,000		45,0	000			
		Year III	40,000		50,0	000			
		Year IV	40,000		24,0	000			
		Year V	35,000		71,0	000			
		Tax Rate 50%, C	ate of return						
	h.	Calculate operating							
	~•	under situation A	and situatio	CO3	An	14			
		information:							
		Installed Capacity			1,000 units				
		Actual Capacity U		1	800 units				
		Selling Price Per U		Rs.20					
		Variable Cost Per	Unit	Rs.15					
		Fixed Cost:							
		Situation A			Rs.1,000				
		Situation B			]	Rs.1,500			
		Capital Structure	:						
		Particulars	Financ	ial	F	Financial			
			Plan	1		Plan II			
		Equity	5,000	)		7,000			
		Debt (10%)	Debt (10%) 5,000 2,000						

\*Abbreviations: CO: Course Outcome, R: Remember, U: Understand, APP: Apply, An: Analyze, E: Evaluate, C: Create

Course Faculty	
S.Swarnam	

**Teaching Coordinator** S.D.Shamini HOD / MBA Dr.P.Krishnaveni