

2022

FINANCIAL MANAGEMENT — GENERAL

Paper : DSE-6.2A

Full Marks : 80

*Candidates are required to give their answers in their own words
as far as practicable.*

প্রাঞ্জলিখিত সংখ্যাগুলি পূর্ণমান নির্দেশক।

বিভাগ - ক

যে-কোনো চারটি প্রশ্নের উত্তর দাও।

- ১। আর্থিক ব্যবস্থাপনার গুরুত্ব আলোচনা করো। ৫
- ২। আর্থিক ব্যবস্থাপনায় 'সম্পদের সর্বাধিকীকরণ' উদ্দেশ্যটি সম্বন্ধে ধারণা দাও। ৫
- ৩। Mr. M is offered either to receive ₹ 10,000 three years from now or ₹ 14,000 five years from now. Which one Mr. M will accept? Assume rate of discount is 10%.
[Given present value of ₹ 1 at 10% are 0.751 and 0.621 for 3rd and 5th year respectively.] ৫
- ৪। 'কার্যকরী মূলধন চক্র' আলোচনা করো। ৫
- ৫। Coltex Ltd. issue a new 10% Debentures of ₹ 1,000 each to be redeemed at par. However, it will involve flotation cost of 4%. The company is in the 35% tax bracket. You are required to ascertain the cost of debt. ৫
- ৬। The Iron Ore Ltd. consists of 4000 equity shares of ₹ 10 each. Currently these shares are quoted in the market at ₹ 200 each. The earnings available to the equity shareholders at the end of the period ₹ 2,40,000. The earnings are expected to grow @ 7%. What is the cost of equity capital? ৫

বিভাগ - খ

যে-কোনো ছয়টি প্রশ্নের উত্তর দাও।

- ৭। (ক) টীকা লেখো : মূলধনের প্রান্তিক (Marginal) ব্যয়।
(খ) 'Operating Leverage' এবং 'Financial Leverage'-এর মধ্যে পার্থক্য দেখাও। ৫+৫
- ৮। Calculate the degree of operating leverage, degree of financial leverage and combined leverage from the following data :
Sales 100000 units @ ₹ 2 per unit = ₹ 2,00,000; Variable cost per unit @ 0.70; Fixed cost = ₹ 1,00,000;
Interest charges ₹ 3,000. ১০
- ৯। (ক) 'ইকুইটির উপর কারবার' — উদাহরণসহযোগে ব্যাখ্যা করো।
(খ) উত্তম মূলধন কাঠামো বলতে কী বোঝো? ৫+৫

Please Turn Over

১০। ABC Ltd. sells its products on a gross profit of 20% on sales. The following information is extracted from its annual accounts for the current year ended 31st March, 2021.

	₹
Sales at 3 months credit	40,00,000
Raw materials	12,00,000
Wages paid-average time lag 15 days	9,60,000
Manufacturing expenses paid (one month arrear)	12,00,000
Administration expenses paid (one month arrear)	4,80,000
Sales promotion expenses (payable half yearly in advance)	2,00,000

The company enjoys one month's credit from the suppliers of raw materials and maintains a 2 months stock of raw materials and one-and-half months stock of finished goods. The cash balance is maintained at ₹ 1,00,000 as precautionary measure.

Assuming 10% margin, find out the working capital requirement of ABC Ltd.

১০

১১। স্বল্পমেয়াদি অর্থসংস্থানের উৎস হিসাবে

৫+৫

(ক) বাণিজ্যিক পত্র এবং (খ) ব্যবসায়িক ধার সম্পর্কে সংক্ষিপ্ত টীকা লেখো।

১২। Raj and Co. Ltd. has an investment project, the particulars of which are given below :

Cost of the Asset = ₹ 1,80,000
Installation charges = ₹ 20,000
Effective working life = 10 years
Estimated scrap value = ₹ 40,000
Annual profit before depreciation = ₹ 56,000

Depreciation is charged under straight line method and the rate of tax is given as 40%. Compute the pay-back period of the project and state its acceptability.

১০

১৩। (ক) কোনো প্রস্তাবিত বিনিয়োগ প্রকল্প মূল্যায়নে নগদ প্রবাহের অবাট্রাকৃত পদ্ধতির চেয়ে নগদ প্রবাহের বাট্রাকৃত পদ্ধতি উৎকৃষ্ট কেন?

(খ) মূলধন র্যাশনিং কী?

৫+৫

১৪। The following figures are collected from the annual report of ABC Ltd.

Net Profit	₹ 60 Lakhs
Outstanding 12% Preference Shares	₹ 200 Lakhs
Number of Equity Shares	300000
Return on Investment	20%
Cost of Capital (Ke)	16%

Compute the amount of dividend to keep the share price at ₹ 84 using Walter's Model.

১০

Q.1 X Ltd. is contemplating replacement of one of its machines which has become outdated and inefficient. Its financial manager has prepared a report of two possible replacement machines. The details of each machine are as follows :

	Machine 1	Machine 2
Initial Investment	₹ 15,00,000	₹ 16,00,000
Estimated useful life	5 years	5 years
Residual Value	₹ 1,20,000	₹ 1,00,000
Contribution per annum	₹ 11,60,000	₹ 12,00,000
Fixed operating costs per annum	₹ 7,60,000	₹ 6,90,000

Depreciation has been calculated by straight line method and has been included in fixed operating costs. The expected cost of capital for this project is assumed as 12% p.a.

Required : Which machine is more beneficial.

Year	1	2	3	4	5
PV@12%	0.893	0.797	0.712	0.636	0.567

[English Version]

The figures in the margin indicate full marks.

Group - A

Answer *any four* questions.

1. Discuss the importance of financial management. 5
2. Give an idea about 'Wealth maximisation' objective of financial management. 5
3. Mr. M is offered either to receive ₹ 10,000 three years from now or ₹ 14,000 five years from now. Which one Mr. M will accept? Assume rate of discount is 10%.
[Given present value of ₹ 1 at 10% are 0.751 and 0.621 for 3rd and 5th year respectively.] 5
4. Explain 'working capital cycle'. 5
5. Coltex Ltd. issue a new 10% Debentures of ₹ 1,000 each to be redeemed at par. However, it will involve flotation cost of 4%. The company is in the 35% tax bracket. You are required to ascertain the cost of debt. 5
6. The Iron Ore Ltd. consists of 4000 equity shares of ₹ 10 each. Currently these shares are quoted in the market at ₹ 200 each. The earnings available to the equity shareholders at the end of the period ₹ 2,40,000. The earnings are expected to grow @ 7%. What is the cost of equity capital? 5

Please Turn Over

Group - B

Answer any six questions.

7. (a) Write a short note on Marginal Cost of Capital. 5+5
 (b) Differentiate between Operating Leverage and Financial Leverage.
8. Calculate the degree of operating leverage, degree of financial leverage and combined leverage from the following data : 10
 Sales 100000 units @ ₹ 2 per unit = ₹ 2,00,000; Variable cost per unit @ ₹ 0.70; Fixed cost = ₹ 1,00,000;
 Interest charges ₹ 3,000.
9. (a) Explain 'Trading on Equity' with example. 5+5
 (b) What do you mean by Optimum Capital Structure?
10. ABC Ltd. sells its products on a gross profit of 20% on sales. The following information is extracted from its annual accounts for the current year ended 31st March, 2021.

	₹
Sales at 3 months credit	40,00,000
Raw materials	12,00,000
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The company enjoys one month's credit from the suppliers of raw materials and maintains a 2 months stock of raw materials and one-and-half months stock of finished goods. The cash balance is maintained at ₹ 1,00,000 as precautionary measure.

Assuming 10% margin, find out the working capital requirement of ABC Ltd. 10

11. Write short notes on : 5+5

(a) Commercial Paper (b) Trade Credit as a source of short-term capital.

12. Raj and Co. Ltd. has an investment project, the particulars of which are given below :

Cost of the Asset = ₹ 1,80,000

Installation charges = ₹ 20,000

Effective working life = 10 years

Estimated scrap value = ₹ 40,000

Annual profit before depreciation = ₹ 56,000

Depreciation is charged under straight line method and the rate of tax is given as 40%. Compute the pay-back period of the project and state its acceptability. 10

(5)

W(6th Sm.)-Financial Management-G/(DSE-6.2A)/CBCS

13. (a) Why is discounted cash flow method superior to non-discounted cash flow method in evaluation of an investment project?
(b) What is capital rationing?
14. The following figures are collected from the annual report of ABC Ltd.

5+5

Net Profit	₹ 60 Lakhs
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Cost of Capital (Ke)	16%

Compute the amount of dividend to keep the share price at ₹ 84 using Walter's Model.

10

15. X Ltd. is contemplating replacement of one of its machines which has become outdated and inefficient. Its financial manager has prepared a report of two possible replacement machines. The details of each machine are as follows :

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Required : Which machine is more beneficial.

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10