2023

FINANCIAL MANAGEMENT — GENERAL

Paper : DSE-6.2AG

Full Marks : 80

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

প্রান্তলিখিত সংখ্যাগুলি পূর্ণমান নির্দেশক।

বিভাগ - ক

১। আর্থিক ব্যবস্থাপনার 'মুনাফা সর্বাধিকীকরণ' উদ্দেশ্যটির ত্রুটিগুলি আলোচনা করো। ৫

অথবা,

আর্থিক পরিবেশের বিভিন্ন উপাদানগুলি আলোচনা করো। ৫

২। You need a car loan of ₹ 8,00,000 for a tenure of 5 years and rate of interest is 12%. What will be the annual equal instalment per year? ৫

৩। লগ্নি-ফেরত কাল/পুনরুদ্ধারকাল পদ্ধতির যে-কোনো তিনটি সুবিধা ও যে-কোনো দুটি অসুবিধা উল্লেখ করো। ৫

অথবা,

মূলধনি ব্যয় সিদ্ধান্তের বৈশিষ্ট্যগুলি আলোচনা করো। ৫

৪। A Company is planning to purchase a machine and thus provides you the following information :

Cost of the machine	₹ 8,00,000
Estimated life	3 years
Estimated Earnings before Tax (EBT) : Year 1	₹ 1,80,000
Year 2	₹ 3,00,000
Year 3	₹ 2,40,000
Tax rate	40%
Estimated salvage value	Nil

Compute the Accounting Rate of Return. ৫

বিভাগ - খ

৫। The following is the capital structure of Z Ltd:

	Amount (₹)
Equity Share Capital (₹ 10 each)	5,00,000
Reserve and Surplus	3,00,000
11% Preference Share Capital (₹ 100 each)	1,00,000
13% Debentures (₹ 100 each)	3,00,000
Total	**12,00,000**

The current market price per equity share is ₹ 18. The expected dividend per equity share is ₹ 2.7 and dividend growth rate is 5%.

Preference shares are redeemable after 5 years at par. At present, they are selling at ₹ 90 each. The present market value of 13% Debentures are ₹ 2,91,000. Debentures are redeemable after 7 years at par. Assume tax rate at 50%.

You are required to compute the weighted average cost of capital using market value as weight. ১০

অথবা,

মূলধনের উৎস হিসাবে (ক) অবন্টিত আয় ও (খ) মেয়াদি ঋণ সম্পর্কে টীকা লেখো। ৫+৫

৬। From the following information, prepare Income Statement of P, Q and R Ltd. ১০

	P Ltd.	Q Ltd.	R Ltd.
Operating leverage	4	5	3
Combined leverage	12	20	6
10% Debentures	₹ 20,000	₹ 30,000	₹ 50,000
Variable Cost to Sales Ratio (%)	50%	60%	75%

Assume 40% tax rate in each case.

অথবা,

(ক) কাম্য/সর্বোত্তম মূলধন কাঠামো কী?

(খ) কাম্য/সর্বোত্তম মূলধন কাঠামোর যে-কোনো পাঁচটি বৈশিষ্ট্য উল্লেখ করো। ৫+৫

৭। From the following details, determine working capital requirement of a manufacturing business : ১০

(i) Level of activity per annum: 52000 units

(ii) Cost structure (as a % of selling price) :

Raw material = 40%, Wages = 10%, Overheads = 30%, Profit = 20%

(iii) Raw materials are expected to be in store for 8 weeks in production process for 6 weeks.

(iv) After completion, the finished products are expected to be in store for one and half months.

(v) Credit to Debtors : 2 months

(vi) Credit from suppliers : 8 weeks

(vii) Lag in payment of wages and overheads: Half month

(viii) Final products are to be sold at ₹10 per unit

(ix) The firm wants to keep ₹15,000 as Cash in hand

(x) Consider 4 weeks in a month and 52 weeks per annum

(xi) Assume that production is carried on evenly during the year and wages and overheads accrue similarly.

৮। চলতি সম্পত্তি সংস্থানে আগ্রাসী ও রক্ষণশীল নীতি সম্বন্ধে লেখো। ৫+৫

৯। Beta Ltd. wants to start a project which requires a plant. From the following information, calculate the Net Present Value (NPV) and suggest whether the project should be accepted or not.

Initial cost of the plant : ₹ 4,80,000. The effective life is 5 years. The estimated earnings before depreciation and tax of the project are as below:

Year-1	Year-2	Year-3	Year-4	Year-5
₹ 1,44,000	₹ 1,68,000	₹ 1,92,000	₹ 2,40,000	₹ 2,64,000

The project also needs ₹ 80,000 working capital at the beginning of the project which is expected to be realised after five years. The tax rate is 50% and cost of capital is 15%. Consider the Scrap Value of the plant as zero and straight line method of depreciation.

The present value of Re. 1 at 15% is as follows :

Y-1 = 0.870, Y-2 = 0.756, Y-3 = 0.658, Y-4 = 0.572, Y-5 = 0.497 ১০

১০। From the following information of HBC Ltd. compute the price of an equity share under Walter's model and Gordon's model : ১০

Book value per equity share	₹ 300
Return on Equity	12%
Capitalisation Rate	15%
Retention Ratio	40%

অথবা,

লভ্যাংশ নীতি নির্ধারণকারী বিষয়গুলি আলোচনা করো। ১০

[English Version]

The figures in the margin indicate full marks.

Group - A

1. Discuss the limitations of 'Profit Maximization' objective of financial management. 5

Or,

Discuss the different components of financial environment. 5

2. You need a car loan of ₹ 8,00,000 for a tenure of 5 years and rate of interest is 12%. What will be the annual equal instalment per year? 5

3. State any three advantages and any two disadvantages of Pay-back Period method. 5

Or,

Discuss the features of capital budgeting decision. 5

4. A Company is planning to purchase a machine and thus provides you the following information :

Cost of the machine	₹ 8,00,000
Estimated life	3 years
Estimated Earnings before Tax (EBT) :	
Year 1	₹ 1,80,000
Year 2	₹ 3,00,000
Year 3	₹ 2,40,000
Tax rate	40%
Estimated salvage value	Nil

Compute the Accounting Rate of Return. 5

Group - B

5. The following is the capital structure of Z Ltd:

	Amount (₹)
Equity Share Capital (₹ 10 each)	5,00,000
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Preference shares are redeemable after 5 years at par. At present, they are selling at ₹ 90 each. The present market value of 13% Debentures are ₹ 2,91,000. Debentures are redeemable after 7 years at par. Assume tax rate at 50%.

You are required to compute the weighted average cost of capital using market value as weight. 10

Or,

Write short notes on (a) Retained earnings and (b) Term loan as a source of capital. 5+5

6. From the following information, prepare Income Statement of P, Q and R Ltd. 10

	P Ltd.	Q Ltd.	R Ltd.
Operating leverage	4	5	3
Combined leverage	12	20	6
10% Debentures	₹ 20,000	₹ 30,000	₹ 50,000
Variable Cost to Sales Ratio (%)	50%	60%	75%

Assume 40% tax rate in each case.

Or,

(a) What is Optimum Capital Structure?

(b) State any five features of Optimum Capital Structure. 5+5

7. From the following details, determine working capital requirement of a manufacturing business : 10

(i) Level of activity per annum: 52,000 units

(ii) Cost structure (as a % of selling price) :

Raw material = 40%, Wages = 10%, Overheads = 30%, Profit = 20%

(iii) Raw materials are expected to be in store for 8 weeks in production process for 6 weeks.

(iv) After completion, the finished products are expected to be in store for one and half months.

(v) Credit to Debtors : 2 months

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(viii) Final products are to be sold at ₹10 per unit

(ix) The firm wants to keep ₹15,000 as Cash in hand

(x) Consider 4 weeks in a month and 52 weeks per annum

(xi) Assume that production is carried on evenly during the year and wages and overheads accrue similarly.

8. Write about the aggressive and conservative policies of financing current assets. 5+5

9. Beta Ltd. wants to start a project which requires a plant. From the following information, calculate the Net Present Value (NPV) and suggest whether the project should be accepted or not.

Initial cost of the plant : ₹ 4,80,000. The effective life is 5 years. The estimated earnings before depreciation and tax of the project are as below:

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The present value of Re. 1 at 15% is as follows :

Y-1 = 0.870, Y-2 = 0.756, Y-3 = 0.658, Y-4 = 0.572, Y-5 = 0.497 10

10. From the following information of HBC Ltd. compute the price of an equity share under Walter's model and Gordon's model : 10

Book value per equity share	₹ 300
Return on Equity	12%
Capitalisation Rate	15%
Retention Ratio	40%

Or,

Discuss the determinants of dividend policies. 10