



WEST BENGAL STATE UNIVERSITY
B.Com. General Part-III Examination, 2022

FINANCIAL MANAGEMENT

PAPER: FMNG-V

Time Allotted: 3 Hours

Full Marks: 100

*The figures in the margin indicate full marks.
Candidates should answer in their own words
and adhere to the word limit as practicable.*

*প্রাণ্ডিক সীমার মধ্যস্থ সংখ্যাটি পূর্ণমান নির্দেশ করে।
পরীক্ষার্থীরা নিজের ভাষায় যথা সম্ভব শব্দসীমার মধ্যে
উত্তর করিবে।*

All symbols are of usual significance.

MODULE-I

Marks: 50

1. Discuss in brief, the main objectives of Financial Management. 8

সংক্ষেপে আর্থিক ব্যবস্থাপনার প্রধান উদ্দেশ্যগুলি আলোচনা করো।

OR / অথবা

Explain the concept of "Risk-return trade off". 8

'ঝুঁকি ও আয়ের মধ্যে সমতাবিধানের' ধারণাটি ব্যাখ্যা করো।

2. (a) What is time value of money? 3+5

অর্থের সময়গত মূল্য কাকে বলে ?

- (b) ABC Ltd. has to redeem debentures of Rs. 10,00,000 at the end of 5 years from now. How much amount the company should accumulate every year at 10% rate of interest, so that it ultimately becomes Rs. 10,00,000 after 5 years?

OR / অথবা

Explain with example the compounding technique and the discounting technique in relation to the time value of money. 8

অর্থের সময়গত মূল্য নির্ধারণে চক্রবৃদ্ধি পদ্ধতি এবং বাট্টাকৃত পদ্ধতিটি উদাহরণ সহযোগে ব্যাখ্যা করো।

3. State the different sources of short term financing of a limited company. 12

একটি সার্বজনীন কোম্পানীর স্বল্পমেয়াদী অর্থসংস্থানের বিভিন্ন উৎসগুলি বর্ণনা করো।

OR / অথবা

The book value and the respective market value of the various sources of capital structure of Alfa Ltd are given below. Compute Weighted Average cost of capital using (i) the book value as weight and (ii) the market value as weight.

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<u>Sources of Capital</u>	<u>Book value</u> (Rs.)	<u>Market value</u> (Rs.)	<u>Cost of Capital</u> (after tax)
Equity share	6,00,000	7,60,000	15%
Preference share	3,00,000	2,00,000	12%
Debentures	2,40,000	2,40,000	10%
Reserve & Surplus	60,000	-	14%

4. What do you understand by 'Capital Structure'? What are the key issues involved in Capital Structure theories?

3+7

মূলধন কাঠামো বলতে কি বোঝো? মূলধন কাঠামো সংক্রান্ত তত্ত্বসমূহের মূল বিচার্য বিষয়গুলি কি কি?

OR / অথবা

Firms A, B and C are engaged in diverse operations. Some of their particulars are given below:

4+4+2

Firm	A	B	C
Output (units)	8,000	20,000	12,000
Selling Price per unit (Rs.)	10	20	2
Variable Cost per unit (Rs.)	4	10	1
Operating Fixed Cost p.a. (Rs.)	36,000	1,60,000	8,000
Fixed Financial Charges p.a.	10,000	20,000	NIL

Calculate the degree of operating leverage, degree of financial leverage and combined leverage.

5. (a) What are the features of working capital?

4+8

চলতি মূলধনের বৈশিষ্ট্যগুলি কি কি?

- (b) What are the uses of working capital?

চলতি বা কার্যকরী মূলধনের ব্যবহারগুলি আলোচনা করো।

OR / অথবা

A factory produces 96,000 units during the year and sells them for Rs. 50 per unit. The cost structure of this product is as follows:

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Raw Materials- 60%, Labour- 15%, Overhead- 10% and Profit- 15%.

Additional Information:

- Raw materials equivalent to 1 month's supply is stored in godown.
- The production process takes one month.
- Finished goods equal to 3 month's production are carried in stock.
- Debtors get 2 months credit.
- Creditors allow 1.5 months credit.
- Time lag for payment of wages and overhead is 0.5 month.
- Cash and bank balance is to be maintained at 10% of the total working capital.
- Production and sales are carried on evenly throughout the year.

Module-II**(Marks-50)**

6. Hero Ltd is considering to purchase a machine costing Rs. 5,00,000. Two machines are available - Machine X and Machine Y. Earning after tax are expected to be as follows: 6+7+7

Year	Earnings after tax	
	Machine-X	Machine-Y
	Rs.	Rs.
1	1,50,000	50,000
2	2,00,000	1,50,000
3	2,50,000	2,00,000
4	1,50,000	3,00,000
5	1,00,000	2,00,000

Evaluate the two alternatives according to

- (a) Accounting Rate of Return Method.
 (b) Pay back Period Method.
 (c) Net Present Value Method.

Assume cost of capital is 10% and Straight line Method of Depreciation. The P.V. factor at 10% is given below:

Year:	1	2	3	4	5
P.V.F:	0.909	0.826	0.750	0.683	0.621

OR / অথবা

- (a) What do you mean by Capital Budgeting? 2+8+10
 মূলধনী বাজেট বলতে কি বোঝো ?
- (b) Evaluate its importance in respect of investment decision.
 লগ্নি প্রস্তাব নির্বাচনের ক্ষেত্রে এর গুরুত্ব বিচার করো।
- (c) What are the factors to be considered in capital budgeting?
 মূলধনী বাজেট প্রণয়নে কি কি বিষয় বিবেচনা করা হয় ?
7. (a) Discuss the assumptions of Walter's Model in respect of dividend pay-out. 5
 লভ্যাংশ বন্টনের পরিপ্রেক্ষিতে Walter-এর মডেলের অনুমানগুলি উল্লেখ করো।
- (b) Following are the details regarding two companies A Ltd. & B Ltd.: 10

Details	A Ltd.	B Ltd.
Internal rate of return	15%	5%
Cost of Equity Capital	10%	10%
Earning per share	Rs. 8	Rs. 8

Calculate the value of an equity share of each of these companies applying Gordon's Model when dividend payout ratio (D/P ratio) is – (i) 50%; (ii) 75%; and (iii) 25%.

OR / অথবা

- (a) State the assumptions of Modigliani-Miller model of dividend policy. 7
- (b) The earning per share of a company is Rs. 24. It has an internal rate of return of 12% and the Capitalisation rate of its risk-class is 10%. According to Walter's formula, what should be the price per share at 80% dividend payout? Is it optimum payout ratio? 6+2
8. What do you mean by financial control? State its advantages and disadvantages. 3+6+6
আর্থিক নিয়ন্ত্রণ বলতে কি বোঝো? ইহার সুবিধা ও অসুবিধাগুলি বর্ণনা করো।

OR / অথবা

- Explain the major tools and techniques of financial control. 15
আর্থিক নিয়ন্ত্রণের প্রধান হাতিয়ার ও কৌশলগুলি বর্ণনা করো।

N.B. : *Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.*

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