

**B. Com. 6<sup>th</sup> Semester (Honours) Examination, 2021 (CBCS)**

**Subject: Fundamentals of Financial Management**

**Paper: CC-13 (6.1 CH)**

**Full Marks: 60**

**Time: 3 Hours**

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words*

*as far as practicable.*

*দক্ষিণ প্রান্তস্থ সংখ্যাগুলি পূর্ণমান নির্দেশক।*

*পরীক্ষার্থীদের যথাসম্ভব নিজের ভাষায় উত্তর দিতে হবে।*

1. Answer any six questions from the following:

5x6

নীচের যেকোনো ছয়টি প্রশ্নের উত্তর দাও:

(a) Discuss the role of finance manager of a company.

একটি কোম্পানির আর্থিক ব্যবস্থাপকের ভূমিকা আলোচনা করো।

(b) What is the 'present value' of money? How is the concept of 'present value' related to the time value of money?

অর্থের বর্তমান মূল্য কী? কীভাবে বর্তমান মূল্যের ধারণাটি অর্থের সময় মূল্যের সঙ্গে সম্পর্কযুক্ত?

(c) What do you mean by 'cost of equity'? Why does a finance manager prefer debt financing over equity financing?

ইকুইটি মূলধনের ব্যয় বলতে কী বোঝো? একজন আর্থিক ব্যবস্থাপক কেন ইকুইটির মাধ্যমে অর্থসংস্থান অপেক্ষা ঋণের মাধ্যমে অর্থসংস্থানকে বেশি পছন্দ করেন?

(d) Indian Mobile Company is going to launch a new mobile phone at a selling price of ₹15,000 each. It is estimated that the variable cost of this new mobile phone will be ₹14,000 per set. If the breakeven sales volume of this new mobile phone is 4 lakh units, then what will be the degree of operating leverage for sales volume of 10 lakh units?

ইংরেজি প্রশ্নদ্রষ্টব্য ।

(e) What is negative working capital? What does it indicate?

ঋণাত্মক কার্যকরী মূলধন কী? ইহা কী নির্দেশ করে?

(f) Why is 'Discounted Cash Flow Method' superior to 'Non-discounted Cash Flow Method' in capital budgeting appraisal?

মূলধন বাজেটিং মূল্যায়নের ক্ষেত্রে কেন 'বাড়াকৃত নগদপ্রবাহ পদ্ধতি' 'অবাড়াকৃত নগদপ্রবাহ পদ্ধতি'র থেকে উৎকৃষ্ট?

(g) Sen & Co. earns ₹12 per share having capitalization rate 10% and has return on investment at the rate of 20%. What should be the price per share at 40% dividend payout ratio as per Walter's model? Is this the optimum payout ratio according to Walter?

ইংরেজি প্রশ্নদ্রষ্টব্য।

(h) Bardhaman Shoppers Stop has decided to issue new equity shares. It currently pays an equity dividend of ₹7.00 per share. The price of equity share is ₹120. The expected average annual growth rate of dividends and earnings is 6.8%. Calculate marginal cost of new equity share, if the issuance costs per share are ₹6.

ইংরেজি প্রশ্নদ্রষ্টব্য।

2. Answer any three questions from the following:

10x3

নীচের যেকোনো তিনটি প্রশ্নের উত্তর দাও:

(a) The following is the capital structure of a company:

12% Debt Capital	₹50,00,000
11% Preference Capital	₹20,00,000
Equity Capital	₹30,00,000

The preference shares are of ₹100 each and its current price per share is ₹96 only. If the cost of equity capital is 18%, then what will be the weighted average cost of capital of the company? Assume the firm's tax rate is 40%.

ইংরেজি প্রশ্ন দ্রষ্টব্য।

(b) Kolkata Traders Co. supplies the following information and you are asked to prepare a working capital forecast for the company:

Issued Share Capital	₹40,00,000
8% Debentures	₹15,00,000
Fixed Assets	₹30,00,000
Annual Production	10,00,000 units

Expected ratios of cost to selling price are:

Raw materials 50%, Wages 10% and Overheads 25%

Raw materials remain in stores for two months, finished goods remain in stores for 4 months, credit allowed by creditors for 3 months from the date of delivery of raw materials, credit given to debtors for 3 months from the date of despatch of finished goods and the production cycle is 2 months. Sale price per unit of the product is ₹6. Assume production and sales are uniform during the year.

ইংরেজি প্রশ্ন দ্রষ্টব্য।

(c) Critically examine the Modigliani-Miller theory on dividend policy.

লভ্যাংশনীতি সংক্রান্ত Modigliani-Miller তত্ত্বটির সমালোচনামূলক বিশ্লেষণ করো।

(d) Surya Steel Ltd. is considering two mutually exclusive projects. Initial cash outlay of both the projects is estimated at ₹1,00,000 each. The life of both the projects is 5 years. If the company's required rate of return is 10% and it pays tax at the rate of 50%, which of the two projects should be accepted using the 'Payback Period Method'? The projects will be depreciated on a straight line basis. The cash flows expected to be generated by the projects are given in the following table:

Year	1	2	3	4	5
Project A (₹)	40,000	40,000	40,000	40,000	40,000
Project B (₹)	60,000	30,000	20,000	50,000	50,000

ইংরেজি প্রশ্নদ্রষ্টব্য।

(e) (i) How does 'trading on equity' influence the capital structure decision of a firm?

(ii) Zenith Ltd. estimates a net income of ₹1,50,000. It has 10% debentures of ₹2,25,000. The cost of equity of the company is 12%. Compute the value of the firm and overall cost of capital according to the net income approach.

(i) কীভাবে ইকুইটি মূলধনের উপর ব্যবসা কোন ফার্মের মূলধন কাঠামোর সিদ্ধান্তকে প্রভাবিত করে?

(ii) ইংরেজি প্রশ্নদ্রষ্টব্য।

5+5

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