



বিদ্যাসাগর বিশ্ববিদ্যালয়
VIDYASAGAR UNIVERSITY
Question Paper

B.Com. Honours Examinations 2021
(Under CBCS Pattern)
Semester - V
Subject : ACCOUNTING AND FINANCE
Paper : C 12-T & P
(Fundamentals of Financial Management)

Full Marks : 60 (Theory-40 + Practical-20)
Time : 3 Hours

*Candidates are required to give their answers in their own words as far as practicable.
The figures in the margin indicate full marks.*

(Theory : Marks - 40)

Group-A

A. Answer *any three* of the following questions :

12×3=36

1. (a) Explain the significance of cost of capital.
- (b) In considering the most desirable capital structure of a company, the following estimates of the cost of debt and equity capital have been made at various levels of debt-equity mix :

Debt as percentage of total capital employed	cost of debt(%) (After tax)	cost of equity (%)
0	5.0	12.0
10	5.0	12.0
20	5.0	12.5
30	5.5	13.0
40	6.0	14.0
50	6.5	16.0
60	7.0	20.0

You are required to determine the optimal debt-equity mix for the company by using overall cost of capital.

2. Critically discuss the scope and nature of Financial Management. 12
3. What do you mean by capital structure? Critically discuss the determinants of capital structure. 4+8
4. (a) What do you mean by Compounding and Discounting.
 (b) A man wants to buy a house for Rs. 40,00,000 after 6 years from now. How much money is he required to invest per month at 9% compounded rate of interest to accumulate his required fund at the end of 6th year? 6+6
5. Relevant information about three companies are given below :

	ABC Ltd	BBC Ltd	CAB Ltd
Annual Production (units) (capacity)	100,000	150,000	250,000
Capacity utilisation	75%	75%	75%
Unit Selling Price (Rs.)	80	100	100
Unit Variable Cost (Rs.)	30	30	40
Fixed Cost p.a. (Rs.)	400,000	600,000	10,00,000
Equity Share Capital (Rs.1000)	10,00,000	14,00,000	20,00,000
10% Preference Share Capital (Rs.)	—	1,00,000	2,00,000
12% Debentures (Rs)	2,00,000	4,00,000	6,00,000

Calculate operating, financial and combined leverage and EPS of these three companies and comment. 12

6. From the following information, prepare a statement showing the estimated working capital requirements.

(i) Projected Annual Sales 36,000 units

(ii) Analysis of sales : Rs.

Raw Materials 6 per unit

Labour 4 per unit

Overhead 3 per unit

Profit 2 per unit

Selling Price 15 per unit

(iii) Additional information :

(a) Raw materials in stock 1 month

(b) Production process 2 months

(c) Finished goods in stock 3 months

(d) Credit allowed to debtors 4 months

(e) Credit allowed by suppliers 2 months

(f) Monthly wages and expenses are paid twice on 1st and 16th of each month.

(g) Production is carried on evenly during the year and expenses and wages accrue similarly. 12

Group-B

Answer *any two* of the following questions :

2×2=4

7. What is specific cost of capital?

8. What is working capital cycle?

9. What is trading on equity?

10. Write four assumption & of Walter Model of Dividend.

(Practical : Marks - 20)
(Fundamentals of Financial Management)

Group - A

1. Answer any **one** questions : 15×1=15

- (a) A Chemical company is considering investment in a project that costs Rs. 5,00,00. The life of the project in 5 years. Salvage value is zero. Depreciation is charged on the basis of straight line method. Tax rate is 35%. The earnings from the project is estimated as follows :

Year	:	1	2	3	4	5
Earnings before depreciation and tax	:	100,000	100,000	150,00	150,000	250,000

Determine the Met present value of the project by using excel software or any otherwise.
15

- (b) Mr Haridas Pal wants to borrow Rs. 20,00,000 from ICICI Bank for the construction of his house. The bank charges 9% compound rate of interest for financing this loan. The loan period is 5 years. Mr Pal agrees to repay the loan in equal monthly instalments.

What will be the monthly instalments of Mr Pal for the repayment of such loan?

Show your calculation process by using excel or any other software. 15

Group - B

2. Answer any **one** question : 5×1=5

- (a) What will be the compounded value of an investment of Rs. 20,000 after 5 years? The compound rate of interest is 10% the interest and compounded semi-annually. 5
- (b) Mention the steps that are to be followed to calculate IRR in Microsoft Excel. 5
