



'সমানো মন্ত্র: সমিতি: সমানী'

UNIVERSITY OF NORTH BENGAL
B.VOC. Programme 6th Semester Examination, 2022

GE63-RETAIL MANAGEMENT (6.3B)

FINANCIAL MANAGEMENT

Time Allotted: 2 Hours

Full Marks: 60

The figures in the margin indicate full marks.

GROUP-A

1. Answer any **four** questions: 3×4 = 12
- (a) Define Financial Management.
 - (b) Explain the meaning of the word Dividend.
 - (c) Define and explain the meaning of Leverage.
 - (d) Define Cost of Capital.
 - (e) Explain the meaning of Capital Budgeting.
 - (f) Define the term Capital Structure.

GROUP-B

2. Answer any **four** questions: 6×4 = 24
- (a) Explain the principles of investment appraisal.
 - (b) Explain 'Net Income Approach' (NI) and 'Net Operating Income Approach' (NOI).
 - (c) Explain 'Walter's Model' of Relevance Theory of Dividend.
 - (d) Explain the difference between 'Operating Leverage' and 'Financial Leverage'.
 - (e) Define Working Capital. Explain the needs of Working Capital.
 - (f) Explain Capitalization, Capital Structure and Financial Structure with the help of examples.

GROUP-C

3. Answer any *two* questions:

12×2 = 24

- (a) A company issues Rs. 5,00,000, 10% Redeemable Debentures, redeemable after 5 years. The cost of floatation amounts to 4% of the face value. The Tax Rate is 35%.

You are required to calculate:

- (i) Cost of Debt before Tax [at Par, at 10% Discount and at 5% Premium].
 (ii) Cost of Debt after Tax [at Par, at 10% Discount and at 5% Premium].

- (b) XYZ Co. Ltd has a share capital of Rs. 1,00,000 face value of Rs. 10 each. It requires Rs. 50,000 to finance the expansion programme and is considering 3 alternative financial plans.

- I. Issue of 5000 Equity Shares of Rs. 10 each.
 II. Issue of 500 Preference Shares of Rs. 100 Each @ 10%.
 III. Issue of 10% Debentures of Rs. 50,000.

The Company's Operating Profit (EBIT) is Rs. 40,000. Tax Rate @ 50%.

Calculate the Earnings per Share (EPS) and suggest which financial alternatives is the best capital structure.

- (c) From the following information, Calculate:

- (i) Degree of Operating Leverage (DOL)
 (ii) Degree of Finance Leverage (DFL)
 (iii) Degree of Combined Leverage (DCL)

Particulars:	Firm K:	Firm L:	Firm M:
Output (in Units)	60,000	15,000	1,00,000
Fixed Cost	Rs. 7,000	Rs. 14,000	Rs. 1500
Variable Cost per unit	Re 0.20	Rs. 1.50	Re 0.02
Interest	Rs. 4,000	Rs. 8,000	—
Selling Price per unit	Re 0.60	Rs. 5	Re 0.10

- (d) Explain the process of Capital Budgeting. What are the importances of Capital Budgeting?

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