5. A company has sales of £2,200. The variable costs are 40% of sales, while the fixed operating costs are £900. Calculate the profit (or loss) before tax if the company's trading profit is £3,000. (8)

6. By 5% illustrated if sales increase by 5%.

7. Illustrate its impact if sales increase by 5%.

8. What is Capital Market? Discuss the significance of Capital Market. (8)

P. V. and P. I. Methods: Capital Gains is 10%. Evaluate the Projects under NPV.

<table>
<thead>
<tr>
<th>Year</th>
<th>Project A</th>
<th>Project B</th>
</tr>
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<tbody>
<tr>
<td>0</td>
<td>30,000</td>
<td>40,000</td>
</tr>
<tr>
<td>1</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>2</td>
<td>35,000</td>
<td></td>
</tr>
</tbody>
</table>

Cost of Equity: 8% (2)

Proposal I:

Proposal II:

The details given below are in respect of two mutually exclusive proposals:

The expenses of issue are estimated to be 4% per debenture. Find out the cost of capital after 10 years. The expenses of issue are estimated to be 8% and these expenses are negligible after 5 years. The expenses of issue are 100 each at a premium of 8% of capital. Y Ltd. has approached to the public for issue of

9. Calculate the payback period for the two projects by both (i) and (ii) methods.

10. If the payback period means:

(a) Pay back period means:

(b) Either (i) and (ii)

(c) Institutional Finance

(d) Corporation Finance

(e) Business Finance

Sometimes before an (a) Financial Management has been called.

Choose the correct option from the following:

(a) No.

(b) Yes.

(c) Answers any two questions in which the questions are of equal value.

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

Time: 8 hours

Full Marks: 80

2013
(c) If earning per share on equity shares is 1.5 and market value of shares is ₹ 15, cost of capital will be:
   (i) 10%   (ii) 9%
   (iii) 11%  (iv) None of these

(d) Operating leverage is 2 and financial leverage is 1.5. If sales increase by 5%, earning before tax will rise by:
   (i) 15%   (ii) 17.5%
   (iii) 10%  (iv) None of these

(e) If equity share capital is ₹ 1,00,000, preference share capital ₹ 25,000 and debt capital ₹ 25,000, it will be called as:
   (i) Low gearing (ii) High gearing
   (iii) Normal gearing (iv) None of these

(f) The value of levered firm is higher than that of an unlevered firm on account of:
   (i) Retained earnings
   (ii) Net profits
   (iii) Corporate taxes
   (iv) Interest on debentures

(g) Net working capital is the excess of current asset over:
   (i) Current liabilities
   (ii) Liquid assets

(iii) Long term liabilities
(iv) None of these

(h) When cash turnover is 5 and Annual cash operating expenses is ₹ 1,80,000. The minimum cash balance required will be:
   (i) ₹ 36,000   (ii) ₹ 40,000
   (iii) ₹ 50,000  (iv) ₹ 15,000

(i) Delinquency costs arise when:
   (i) Customer’s financial position is bad
   (ii) Customer’s financial position is doubtful
   (iii) Both (i) and (ii)
   (iv) None of these

(j) Which of the following is not the purpose of holding inventory?
   (i) Reduction in ordering cost
   (ii) Benefits of quantity discount
   (iii) Benefits of cash discount
   (iv) All of these

Define Financial Management. Discuss the objectives of financial management.

3. What is capital structure? Discuss the essentials of a good capital structure.

4. Define Leverage. Discuss the different types of leverage.

BM – 3/2

Contd.