



22000885

QP CODE: 22000885

Reg No : .....

Name : .....

**M COM DEGREE (CSS) EXAMINATION, APRIL 2022**

**Third Semester**

Faculty of Commerce

**CORE - CM010301 - STRATEGIC FINANCIAL MANAGEMENT**

M.COM FINANCE AND TAXATION, M.COM FINANCE AND TAXATION (SF), M.COM MARKETING AND INTERNATIONAL BUSINESS (SF), M.COM MANAGEMENT AND INFORMATION TECHNOLOGY (SF)

2019 ADMISSION ONWARDS

B2D981C5

Time: 3 Hours

Weightage: 30

**Part A (Short Answer Questions)**

*Answer any **eight** questions.*

*Weight 1 each.*

1. What is financial break even point?
2. What is reverse split?
3. Explain line of credit.
4. Surya enterprises require 180000 units of certain items annually. The cost per unit is Rs.3. The cost per purchase order is Rs.3000 and the inventory carrying cost is Rs.12 per unit per year.
  - a. What is EOQ?
  - b. What the firm should do, if the suppliers offer discount as detailed below:

Order quantity	Discount
4500-5999	2%
6000 or above	3%

5. What is Payback periods?
6. What do you mean by capital rationing?
7. What is Operating lease?
8. How is net advantage of leasing calculated from the view of the lessor?





9. What is Diluted Earning per Share?
10. Explain the assessment of management efficiency through CAMEL model.

(8×1=8 weightage)

### Part B (Short Essay/Problems)

Answer any **six** questions.

Weight 2 each.

11. Discuss the evolution of financial management as a discipline.
12. Explain the features of optimum capital structure.
13. Explain the operating cycle concept of working capital. Give suitable example.
14. Explain the various approaches to inventory management.
15. Explain the various steps of capital budgeting process.
16. *R Ltd. gives the following details regarding the projects which the company proposes to take up during the year. The projects are indivisible.*

<i>Project</i>	<i>Total Cost (Rs)</i>	<i>Profitability Index</i>
<i>A</i>	<i>3,00,000</i>	<i>1.12</i>
<i>B</i>	<i>5,00,000</i>	<i>1.53</i>
<i>C</i>	<i>4,00,000</i>	<i>1.76</i>
<i>D</i>	<i>5,00,000</i>	<i>1.21</i>
<i>E</i>	<i>7,50,000</i>	<i>1.87</i>

*Rank the projects on the basis of Profitability Index and determine how the available capital of Rs 18 lakhs can be rationed among the projects.*

17. Explain the legal framework of Lease Financing.
18. What is Return on Equity Capital?

(6×2=12 weightage)

### Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.

19. Compare and contrast the NI and NOI theories with a hypothetical example.
20. What do you mean by cash management? Explain the factors determining cash requirements. Discuss the techniques of cash management.
21. *A manager is trying to decide which of three mutually exclusive projects to undertake. Each of the projects could lead to varying net profits which are classified as outcomes I, II and III. The manager has constructed the following pay-*





off table or matrix (a conditional profit table).

Net profit if outcome turns out to be:

	Probability	Net profit		
		A	B	C
I (Worst)	0.2	50,000	70,000	90,000
II (Most likely)	0.5	85,000	75,000	1,00,000
III (Best)	0.3	1,30,000	1,40,000	1,10,000

Which project should be undertaken?

Which project is profitable, if minimax regret rule applicable?

22. "Ratios are indicators –sometimes pointers but not in themselves powerful tools of management." Explain  
(2×5=10 weightage)

