

QP CODE: F7025



Reg No :

Name :

M COM DEGREE (CSS) EXAMINATION, JANUARY 2022

Third Semester

Faculty of Commerce

CORE - CM010301 - STRATEGIC FINANCIAL MANAGEMENT

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

2019 Admission (Private - Regular)

5A5BD8A8

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

Answer any **eight** questions.

Weight **1** each.

1. What is degree of financial leverage?
2. What is financial distress?
3. What do you mean by CEM?
4. Calculate the inventory turnover ratio and conversion period, from the following
Opening stock Rs100000
Closing stock Rs 240000
Material consumed Rs 510000
Assume 360 days of working.
5. Write a note on Traditional capital budgeting techniques.
6. What is Social Cost Benefit Analysis?
7. Explain the term leasing.
8. How will you calculate break even lease rental? What is the decision rule in lease evaluation?
9. State the limitations of Financial Ratios.
10. What is EPS?

(8×1=8 weightage)

Part B (Short Essay/Problems)

Answer any **six** questions.

Weight **2** each.



11. Discuss the modern approach of Financial Management.
12. What is stable dividend policy? What are its merits and demerits?
13. Explain the Miller-Orr Model of cash management
14. Explain the methods of valuing inventory.
15. What is average rate of return? How is it calculated?
16. The average cash flow expected from a project is Rs. 2 lakhs per month. The standard deviation of cash flow has been estimated at Rs. 12,000. Another project of the same capital outlay has an expected cash flow of Rs. 3 lakhs per month with a standard deviation of Rs. 25,000. Compute coefficient of variation and comment on the acceptability of the projects.
17. Write notes on structuring of lease rentals.
18. Explain the method to calculate CRAR

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight **5** each.

19. What is under capitalisation? What are its causes and consequences?
20. Discuss how a finance manager takes into account risk-return tradeoff considerations in each of the following financing strategies of working capital requirement of a firm a. Hedging financing strategy b. Conservative financing strategy c. Aggressive financing strategy
21. A Ltd. requests you to rank the following projects in order of their desirability using payback period method and the Net Present Value Index Method (Discount Rate 10%)

Project	Initial Outlay (Rs)	Annual Cash Flow (Rs)
A	10,000	2,500
B	8,000	2,600
C	4,000	1,000
D	10,000	2,400
E	5,000	1,125
F	6,000	2,400
G	2,000	1,000

22. "Return on Investments is considered to be the master ratio which reflects the overall performance of the company." Elucidate and show by examples how various managerial decisions affect ROI.

(2×5=10 weightage)