21000568

M COM DEGREE (CSS) EXAMINATION, MARCH 2021

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

72FE3A39

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

Answer any **eight** questions.

Weight **1** each.

1. How capitalisation differ from capital structure

2. If EBIT is ₹ 6,00,000, Equity Capitalisation rate 20% and 9% Debentures is ₹ 10,00,000. Find KO if the firm makes an additional issue of debentures of ₹ 5,00,000

3. What is a cash budget?

4. What is meant by trade credit management?

5. Write short notes on 'Discounted payback period'

6. What is the sensitivity analysis in the context of investment decisions?

7. Explain Tax Oriented lease.

8. Discuss B.H.W method of lease evaluation.

9. Explain the impact of the following transactions on the working capital

    1. *Raw materials purchased from Nanthini Ltd ₹ 50,000 on credit*
    2. *Debentures Worth ₹ 3,00,000 reduced by raising a long term loan of equal amount from the SBI*
    3. *Paid ₹ 20,000 towards the cost of issue of Debentures*
    4. *Purchased plant worth ₹ 2,00,000 by issuing 2,000 5% Debentures of ₹ 100 each*

10. What is Du Pont control chart

(8×1=8 weightage)

Part B (Short Essay/Problems)

Answer any **six** questions.

Weight **2** each.

11. How the Financial Leverage Analysis is relevant

12. What are the types of Dividend

13. Explain the different principles of working capital management

14. From the following you are required to calculate:
    a. Debtors turnover and b. Average age of debtors.

	2015	2016
Net sales (Rs)	1500000	1800000
Debtors at the beginning (Rs)	160000	172000
Debtors at the end (Rs)	172000	234000

15. Why do most capital budgeting methods focus on cash flows?

16. *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 :*

Project	I	II	III
A	50,000	65,000	80,000
B	70,000	60,000	75,000
C	90,000	80,000	55,000
Probability	0.2	0.6	0.2

    Which project should be undertaken?

17. "Leasing is beneficial to both,the lessee as well as the lessor".Examine.

18. State the significance of Operating Ratio?

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight **5** each.

19. 'Wealth Maximisation is beneficial to the shareholders of the company, but it is not protecting the societal interest' - Discuss

20. Explain the techniques of inventory management

21. Why do NPV and IRR give conflicting results? Discuss.

22. *The financial statement of Canara Bank shows the following details. Calculate the Management Efficiency Indicators*

Particulars	2019	2020
Interest Earned	2,500	3,750
Other income	315	515
Earnings after tax	21.5	27.5
Total deposit	31,900	47,300
Total Advances	23,000	34,500
Paid up capital	25	50
Reserves and Surplus	2,250	3,500
Number of Employees	40,000	42,000
Total Assets	37,500	57,500

(2×5=10 weightage)