

M. COM DEGREE END SEMESTER EXAMINATION - MARCH 2024**SEMESTER 2 - COMMERCE****COURSE : 21P2COMT08 - STRATEGIC FINANCIAL MANAGEMENT***(For Regular 2023 Admission and Improvement/Supplementary 2022/2021 Admissions)*

Duration : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

1. What are the common methods of divestiture? (U)
2. What is payback period? (U, CO 1)
3. What do you mean by strategic financial plans? (U, CO 1)
4. What do you mean by replacement finance ? (U, CO 1)
5. What is NPV? (U, CO 1)
6. Explain the term 'Vision'. (An, CO 1)
7. What do you mean by tax based financial lease? (U, CO 1)
8. Explain white knight. (U, CO 1)
9. What do you mean by Hands-on nurturing ? (An, CO 6)
10. What do you mean by single investor lease? (U, CO 1)

(1 x 8 = 8)**PART B****Answer any 6 questions****Weights: 2**

11. What are the components of strategic cost management? (E, CO 1)
12. Distinguish between dry lease and wet lease. (E, CO 5)
13. Explain the importance of strategic financial management (U, CO 1)
14. What are equity and distribution implication under cost benefit analysis? (U, CO 1)
15. Which companies are lucrative targets for Leveraged Buy Out acquisition? (U, CO 1)
16. What are the problems for venture capitalist in India? (An, CO 5)
17. What are the different types of divestiture. (U, CO 1)
18. What do you mean by early stage financing? (An)

(2 x 6 = 12)**PART C****Answer any 2 questions****Weights: 5**

19. What is demerger? What are the benefits and constraints of demerger. (An, CO 3)
20. Gupta leasing limited is proposing to acquire special purpose machinery. The initial cost of the machine is Rs. 4,00,000. Depreciation allowance is given @ 20 % p.a. on reducing balance method. To finance the entire cost, the company intend to get a loan of Rs. 4,00,000 on interest @ 18% p.a. Another proposal has come to take the same machinery on lease basis on annual lease rentals of Rs. 1,20,000 for a period of 5 years. How would the acquisition of assets under the above two alternatives affect the profit & loss account and balance sheet. (A, CO 6)

Profit & loss account (without acquisition of machinery)

Particulars	Rs	Particulars	Rs
To administration and other expenses	9,00,000	By gross profit	14,00,000
To net profit	5,00,000		
	14,00,000		14,00,000

Balance sheet (without acquisition of machinery)

Liabilities	Rs	Assets	Rs
Equity	7,00,000	Fixed assets	6,00,000
Current liabilities	3,00,000	Current assets	4,00,000
	10,00,000		10,00,000

21. ABC Enterprises limited is evaluating an option to computerise their distribution system. The total capital cost for the system is 100 lakhs. The operating and maintainance cost(excluding depreciation) per annum is expected to be Rs. 10 lakhs. The computer system is expected to have a useful life of 5 years after which it is expected t become obsolete and would require replacement. It would have negligible salvage value at that time. The depreciation rate is 10 per cent on written down value method. There would be a cost saving of 10 lakhs due to reduction in clerical numbers, Rs 20 lakhs due to space released and 10 lakhs on account of inventory reduction. Previous trends indicate that costs are inflating at 10% per annum. The tax rate for the firm is 50%. Advise whether the company should invest in the computer system.(NPV factors are for 1st year 0.909, 2nd year 0.826, 3rd year 0.751, 4th year 0.683, 5th year 0.621) (A, CO 6)
22. Briefly explain the inter-related areas of strategic financial management. (A, CO 6)
(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	Understand the application of Strategic Management concepts in finance area	U	2, 3, 4, 5, 6, 7, 8, 10, 11, 13, 14, 15, 17	18
CO 3	Evaluation of the cost-benefit analysis of various events in the business	An	19	5
CO 5	Evaluate and justify the reasons for taking a particular financial decision	E	12, 16	4
CO 6	Familiarise with the different alternatives and its financial implications when confronting a problem.	E	9, 20, 21, 22	16

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;