M. COM DEGREE END SEMESTER EXAMINATION- APRIL 2025
SEMESTER 2 : COMMERCE
COURSE : **24P2COMT08 : STRATEGIC FINANCIAL MANAGEMENT**
(For Regular - 2024 admission)

Time : Three Hours   Max. Weights: 30

PART A
Answer any 8 questions   Weight: 1

1.	Differentiate between divestiture and liquidation.	(E)
2.	What do you mean by Mezzanine capital ?	(U)
3.	How is an alternative judged on the basis of cost benefit analysis?	(A)
4.	What is principled economic approach?	(A)
5.	What is equipment leasing?	(U)
6.	What do you mean by strategic investment management?	(U)
7.	What do you mean by fledging financing ?	(U)
8.	What do you mean by real estate leasing?	(U)
9.	What do you mean by white squire?	(U)
10.	What is enterprise wide cost model?	(U)

(1 x 8 = 8)

PART B
Answer any 6 questions   Weights: 2

11.	Critically examine whether operating or financial lease is beneficial to lessee	(A)
12.	What is reporting in cost benefit analysis?	(U)
13.	What are venture capital funds promoted by Central government, State level institutions, Commercial banks. Give examples for each.	(R)
14.	What are the features of successful strategic planning?	(U)
15.	How does venture capital contribute towards economic development	(E)
16.	Give notes on lease risk management by lessor	(An)
17.	What are the different modes of payment options available for the companies in a merger.	(U)
18.	What are the advantages and disadvantages of strategic planning.	(E)

(2 x 6 = 12)

PART C
Answer any 2 questions   Weights: 5

19.	What are the circumstances under which cost benefit analysis is conducted?	(An)
20.	How is venture capital financing different from other forms of financing?	(E)
21.	The FFM Ltd is in the tax bracket of 35% and discount its cash flows at 16%. In the acquisition of an asset worth Rs. 10,00,000, it is given two offers- either to acquire an asset by taking a bank loan at 15 % per annum repayable in five yearly instalments of Rs 2,00,000 each plus interest or to lease in the asset at yearly rentals of Rs. 3,24,000 for five years. In both cases the	(A)

instalment is payable at the end of the year. Applicable rate of depreciation is 15% using WDV method. You are required to suggest the better alternative. PV factor @16%, year1-0.862, year2-0.743, year3-0.641, year4-0.552, year5-0.476.

22. The summarised balance sheet of R Co. Ltd as on 31st December 2003 is given below

Liabilities	Rs	Assets	Rs
Equity share capital (200000@ Rs. 10 each)	20,00,000	Fixed Assets	19,00,000
13% Preference share capital	1,00,000	Investments	1,00,000
Retained earnings	4,00,000	Current assets:	10,00000
12% Debentures	3,00,000	*Inventories 5,00,000*	
Current liabilities	2,00,000	*Debtors 4,00,000*	
		Bank 1,00,000	
	30,00,000		30,00,000

Negotiations for take over of R Ltd result in its acquisition by A Ltd. The purchase consideration consists of (i) Rs. 3,30,000, 13% Debentures of A Ltd for redeeming 12% debentures of R Ltd (ii) Rs. 1,00,000, 12% convertible preference shares in A Ltd for the payment of preference share capital of R Ltd (iii) 1,50,000 equity shares of A Ltd to be issued at its current market price of Rs 15 and (iv) A Ltd. would meet dissolution expenses of Rs. 30,000. The break up figures of eventual disposition by A Ltd of unrequired assets and liabilities of R Ltd are- investments- Rs. 1,25,000; Debtors -Rs. 3,50,000; Inventories -Rs 4,25,000; and payment of current liabilities- Rs.1,90,000
The project is expected to generate yearly operating CFAT of Rs. 7,00,000 for 6 years. It is estimated that fixed assets of R Ltd would fetch Rs. 3,00,000 at the end of 6th year.
The firms cost of capital is 15%. As a company secertary comment on the financial prudence of merger decision of A Ltd(PV at 15% rate of discounts- 1st year:0.870, 2nd year 0.756, 3rd year:0.658, 4th year : 0.572, 5th year 0.496 and 6th year 0.432).

(A)

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.

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