



QP CODE: 26019626



Reg No :

Name :

M.Com DEGREE (CSS) EXAMINATION, MARCH 2026

Fourth Semester

Master of Commerce and Management

Core Courses - CM020401 - STRATEGIC FINANCIAL MANAGEMENT

2020 Admission Onwards

EB360F95

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

Weight 1 each.

1. What is over-capitalisation and what are its causes?
2. What do you mean by point of indifference?
3. What is cushion working capital?
4. How do you compute the capital cost of receivables?

Annual Usage – Rs. 1,20,0000

Cost of placing an order – Rs 60

5. Annual carrying cost – 10 percent

Find out a) EOQ; b) The frequency of the orders.

From the following information relating to a project compute (i) Payback period (ii) Postpayback profitability

The initial outlay of Rs.50,000

Annual cash inflow(after tax but before depreciation)

6. First three years Rs.15,000

Next five years Rs.5,000

Estimated life 8 years

Salvage Rs.8,000

7. Briefly explain any two techniques of measuring risks in capital budgeting.
8. "Economic viability of an asset is irrelevant in lease agreements". Do you agree with the statement?
9. Explain the average collection period.





10. Explain the average payment period.

(8×1=8 weightage)

Part B (Short Essay/Problems)

*Answer any **six** questions.*

Weight 2 each.

11. Explain various finance functions.
12. How does a cash budget help in cash planning? Discuss its utility.
13. Discuss the factors influencing capital budgeting.
14. What is NPV? Explain the steps involved in its calculation.
15. What do you mean by balloon lease rentals? How is it different from deferred lease rentals?
16. What are the main provision of Income-tax pertaining to Lease financing?
17. Explain the CARMEL model.
18. Differentiate liquidity and solvency ratio.

(6×2=12 weightage)

Part C (Essay Type Questions)

*Answer any **two** questions.*

Weight 5 each.

19. What do you understand by dividend?
Explain the various factors which influence the dividend decision of a firm.

OS electronics currently has 2,50,000 shares of equity issued with a market price of Rs. 42 per share. It also has Rs. 50 lakhs, 12 percent debentures. The company is considering a Rs. 75 lakhs for modernization programme that it lay finance with either:

- a) Issue of all equity shares at Rs.40 per share.
20. b) Straight debentures at 15 percent.
- c) Preference shares at 12 percent. or
- d) 50 percent equity at Rs.40 per share and 50 percent 15 percent debentures.

The company's tax rate is 50 percent.

Calculate the indifference points between all alterations.

21. "The management of inventory must meet two opposing needs." What are they? How is a balance brought between these two opposing needs?
22. What are the advantages of the risk-adjusted discount rate? What is the major problem in using this approach to handle risk in capital budgeting?

(2×5=10 weightage)

