

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

MCom(CS) DEGREE EXAMINATION MAY 2023  
(First Semester)

Branch – CORPORATE SECRETARYSHIP

**STRATEGIC AND FINANCIAL MANAGEMENT**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Who is called the Father of Strategic Management?  
(i) Chandler (ii) Igor Ansoff  
(iii) Michael Porter (iv) John Nash
2. \_\_\_\_\_ refers to the process of conducting research on a company and its operating environment to formulate a strategy.  
(i) Strategic management (ii) Strategic analysis  
(iii) Sensitive analysis (iv) Simulation analysis
3. The job of a finance manager is confined to  
(i) raising of funds  
(ii) management of cash  
(iii) raising of funds and their effective utilization  
(iv) Proper utilization of funds
4. Capital Structure refers to which of the following options?  
(i) Current assets and current liabilities  
(ii) Shareholders equity  
(iii) Long term debt, preferred stock and common stock options  
(iv) None of the above
5. Dividend constitutes the cash flow that accrues to  
(i) Holders (ii) Equity holders  
(iii) Bondholders (iv) All of the above

**SECTION - B (15 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a Analyze the components of business environment.  
OR  
b Evaluate the environmental influences of business.
- 7 a Discuss about strategic levels of organisation.  
OR  
b Compare SWOT and TOWS Analysis.
- 8 a Justify the factors influencing financial decisions.  
OR  
b Explain the functional areas of Financial Management.
- 9 a Discuss the significance of capital structure.  
OR  
b A company issues 1000 , 7 % preference shares of Rs. 100 each at a premium of 10 % redeemable after 5 years at par. Compute the cost of preference capital.

Cont...

- 10 a Calculate discounted payback period from the information given below:  
 Cost of project - Rs. 6,00,000  
 Life of the project – 5 year  
 Annual cash inflow – Rs. 2,00,000  
 Cut off rate 10 % - Rs.2,00,000

OR

- b An investment of Rs. 10,000 (having scrap value of Rs. 500) yields the following returns:

year	1	2	3	4	5
CFAT	4000	4000	3000	3000	2,500

The cost of capital is 10 %. Is the investment desirable? Discuss it according to NPV method assuming the P.V. factors for 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> – year 0.909, 0.826, 0.751, 0.683 and 0.620 respectively.

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 a Elucidate about the business policy.

OR

- b Discuss about the framework of strategic management.

- 12 a Elucidate the formulation of functional strategy.

OR

- b Discuss about Glueck and Jauch generic strategies.

- 13 a Enumerate about Investment decision and dividend decision.

OR

- b Analyze the functions of finance.

- 14 a Compare Traditional approach and Modigliani Millar approach.

OR

- b A firm has the following capital structure and after-tax costs for the different sources of funds used:

Source of funds	Amount	Proportion	After-tax cost
Debt	15,00,000	25	5
Preference shares	12,00,000	20	10
Equity shares	18,00,000	30	12
Retained earnings	15,00,000	25	11
Total	60,00,000	100	

You are required to compute the weighted average cost of capital.

- 15 a Criticize the capital budgeting process.

OR

- b A project requires an investment of Rs.5,00,000 and has a scrap value of Rs.20,000 after five years. It is expected to yield profits after depreciation and taxes during the five years amounting to Rs. 40,000, Rs.60,000, Rs. 70,000, Rs.50,000 and Rs. 20,000. Calculate the average rate of return on the investment.

Z-Z-Z

END