

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom(CS) DEGREE EXAMINATION DECEMBER 2022
(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 The primary focus of strategic management is
(i) Strategic analysis (ii) The total organisation
(iii) Strategy formulation (iv) None
- 2 Active strategy is also called as ___ strategy.
(i) Passive (ii) Defensive
(iii) Offensive (iv) Flexible
- 3 The finance manager is accountable for
(i) Earning capital assets of the company (ii) Effective management of a fund
(iii) Arrangement of financial resources (iv) Proper utilization of funds
- 4 Which of the following factors affecting the cost of capital can be controlled by the firm?
(i) Tax rates (ii) Dividend policy
(iii) Level of interest rates (iv) All of the above
- 5 Which of the following is not true about Capital Budgeting?
(i) Capital Budgeting decisions have an influence on the future stability of an organisation
(ii) Capital Budgeting decisions include investments to expand the business
(iii) Capital Budgeting decisions are of an irreversible nature
(iv) Sunk cost is a part of Capital Budgeting

SECTION - B (15 Marks)

Answer ALL Questions

ALL questions carry EQUAL marks (5 x 3 = 15)

- 6 a Analyze the frame work of strategic management.
OR
b Evaluate the factors of micro environment of business.
- 7 a Discuss about logistic strategies.
OR
b Compare BCG Matrix with GE Matrix.
- 8 a Justify the factors influencing financial decisions.
OR
b Explain the functions of Financial Manager.
- 9 a Discuss the factors determining the capital structure.
OR
b The rate of return available to the equity shareholders in the Eva Ltd., is 20 % and the personal tax rate applicable to shareholders is 22 %. It is expected that the shareholders will have to bear a brokerage cost of 3 % when they invest their dividends in alternative securities. Compute the cost of retained earnings.

Cont...

- 10 a A project costs Rs.20 lakh and yields annually a profit of Rs. 3 lakh after depreciation at 12 ½ but before tax at 50 %. Calculate payback period.
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 1st, 2nd, 3rd, 4th and 5th – 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 the environmental influences of business.
OR
b Discuss about the competitive environment and porters five force model.
- 12 a Evaluate the SWOT and TOWS Analysis.
OR
b Discuss about Glueck and jauch generic strategies.
- 13 a Enumerate the scope of financial management.
OR
b Analyze the functional areas of financial management.
- 14 a Interpret the significance of capital structure.
OR
b Excel Industrial Ltd., has assets of Rs. 1,60,000 which has been financed with Rs. 52,000 of debt and Rs. 90,000 of equity and a general reserve of Rs. 18,000. The firms total profits after interest and taxes for the year ended 31st march 2007 were Rs. 13,500. It pays 8 % interest on borrowed funds and is in the 50 % tax bracket. It has 900 equity shares of Rs. 100 each selling at a market price of Rs.120 per share. What is the weighted average cost of capital?
- 15 a Criticize the capital budgeting process.
OR
b The cash flows from two mutually exclusive projects X and Y are as under :

Year	Project X (Rs.)	Project Y (Rs.)
0	(-) 44,000	(-)54,000
1-7 (annual)	12,000	14,500
Project life	7 years	7 years

Calculate profitability index at 15 % discount rate and suggest which project is profitable.

Z-Z-Z

END