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PRESIDENCY UNIVERSITY

BENGALURU

Mid - Term Examinations – October 2025

Date: 10-10-2025

Time: 02.00pm to 03.30pm

School: SOC	Program: B.COM CMA	
Course Code: MAH2008	Course Name: Strategic Financial Management II	
Semester: V	Max Marks: 50	Weightage: 25%

CO – Levels	CO1	CO2	CO3	CO4	CO5
Marks	26	24	-	-	-

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2 marks.

5Q x 2M=10M

1	Define break-even point.	2 Marks	L1	CO1
2	Identify the formula for margin of safety percent.	2 Marks	L1	CO1
3	Describe the concept of semi variable costs.	2 Marks	L2	CO1
4	Define relevant costs.	2 Marks	L2	CO2
5	State two situations when outsourcing is justified.	2 Marks	L2	CO2

Part B

Answer ALL the Questions. Each question carries 10 marks.

4Q x 10M=40M

6.	<p>A company makes and sells a single product. The selling price is \$12 per unit. The variable cost of making and selling the product is \$9 per unit and fixed costs per month are \$240,000.</p> <p>The company budgets to sell 90,000 units of the product a month.</p> <p>Calculate:</p> <p>a) The budgeted profit per month</p> <p>b) The breakeven point in units</p>	10 Marks	L3	CO1
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Or

7.	<p>A company makes and sells a single product. The selling price is \$12 per unit. The variable cost of making and selling the product is \$9 per unit and fixed costs per month are \$240,000.</p> <p>The company budgets to sell 90,000 units of the product a month.</p> <p>Calculate:</p> <ul style="list-style-type: none"> a) The margin of safety as a percentage b) The sales units to achieve target profit of \$120,000 	10 Marks	L3	CO1
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8.	Discuss the concept of CVP analysis. Outline the advantages of CVP analysis.	10 Marks	L2	CO1
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Or

9.	<p>Elaborate the concepts of:</p> <ul style="list-style-type: none"> a) breakeven point b) margin of safety c) sales to achieve target profit 	10 Marks	L2	CO1
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10.	Describe the concept of special orders. Explain the decision-making guidelines for special orders.	10 Marks	L2	CO2
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Or

11.	Describe the concept of make or buy decisions. Discuss the related decision-making factors.	10 Marks	L2	CO2
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12.	<p>Two products, Tin and Bin, incur common costs to the point of separation of \$6,000 and the output of each product is 1,200 tonnes and 600 tonnes respectively. Tin sells for \$4 per ton and Bin for \$8 per ton. Tin can be processed further at a total cost of \$1,500. If processed further, the final product can be sold at \$6 per ton. Bin could also be processed further for a cost of \$1800 and sold at \$10 each.</p> <p>Required:</p> <p>Determine whether the company should process Tin & Bin further?</p>	10 Marks	L3	CO2
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13.	<p>Pluto is considering a special job. The customer has offered \$8,500 for the job.</p> <p>The special job requires the following resources.</p> <p>Material X:</p> <p>400 kgs of material X is required and 150 kgs are available in stock. Material X costed \$10/kg last month but increased in price by 20% since then. Material X is regularly used by Pluto.</p> <p>Skilled labour:</p> <p>100 hours of skilled labour work, normally paid at \$10/hour. The skilled workers are fully engaged now in regular work earning contribution of \$8/hour.</p> <p>Required:</p> <p>Calculate the relevant cost of the special job.</p>	10 Marks	L3	CO2
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