Roll No.												

PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – December 2025

Date: 19 / 12/ 2025 **Time: 01:00pm – 04:00pm**

School: SOC	**Program: B.COM CMA**	
Course Code: MAH2008	**Course Name: Strategic Financial Management II**	
Semester: **V**	**Max Marks**:100	**Weightage**:50%

CO - Levels	**CO1**	**CO2**	**CO3**	**CO4**	**CO5**	**CO6**
Marks	**20**	**15**	**20**	**15**	**15**	**15**

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 2marks. **10Q x 2M=20M**

1.	Define break-even point.	**2 Marks**	**L1**	**CO1**
2.	Identify the formula for margin of safety percent.	**2 Marks**	**L2**	**CO1**
3.	Explain the concept of semi variable costs.	**2 Marks**	**L1**	**CO2**
4.	Define relevant costs.	**2 Marks**	**L2**	**CO2**
5.	Explain how inflation affects pricing.	**2 Marks**	**L2**	**CO3**
6.	Show the formula for price elasticity of demand in mid-point method.	**2 Marks**	**L2**	**CO3**
7.	Explain why a project is accepted if the net present value is positive.	**2 Marks**	**L2**	**CO5**
8.	Define payback period.	**2 Marks**	**L2**	**CO5**
9.	Explain the credit risk.	**2 Marks**	**L1**	**CO4**
10.	Define IMA Ethical standard of 'Honesty'.	**2 Marks**	**L1**	**CO6**

Part B

Answer ALL the Questions. Each question carries 7 marks. **5Q x 7M = 35M**

11.	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. The company budgets to sell 90,000 units of the product a month. Solve for: a) The budgeted profit per month b) The breakeven point in units	**07 Marks**	**L3**	**CO1**
	Or			
12.	Explain the concept of CVP analysis. Outline the advantages of CVP analysis.	**07 Marks**	**L2**	**CO1**

13.	Explain the concept of make or buy decisions. Identify the related decision-making factors.	**07 Marks**	**L2**	**CO2**
	Or			
14.	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. Required: Assess whether the company should process Tin & Bin further.	**07 Marks**	**L5**	**CO2**

15.	Analyze the level of control in pricing in the below markets: 1. Monopoly 2. Monopolistic competition 3. Oligopoly 4. Perfect competition	**07 Marks**	**L5**	**CO3**
	Or			
16.	Explain the different stages of life cycle of a product.	**07 Marks**	**L2**	**CO3**

17.	A company is wondering whether to invest $18,000 in a project which would make extra profits (before depreciation is deducted) of $10,000 in the first year, $8,000 in the second year and $6,000 in the third year. It would require a return of at least 10% on its investment. Evaluate the project using net present value.	**07 Marks**	**L5**	**CO5**
	Or			
18.	Alien Inc. is considering to invest $450,000 in a project which would earn profits (before depreciation is deducted) of $200,000 in the first year, $150,000 in the second year, $100,000 in both years 3 and 4 and $120,000 in the fifth year.	**07 Marks**	**L5**	**CO5**

	It would require a return of at least 16% on its investment. The net present value of the project at 10% discount rate is $73,620. Evaluate the project using internal rate of return (IRR).			

19.	Describe the details included in a risk register.	**07 Marks**	**L2**	**CO4**
	Or			
20.	Differentiate between fraudulent financial reporting and misappropriation of assets.	**07 Marks**	**L4**	**CO6**

Part C

Answer any three Questions. Each question carries 15marks **3Q x 15M=45M**

21.	Elaborate the concepts of: a) breakeven point b) margin of safety c) sales to achieve target profit	**15 Marks**	**L2**	**CO1**

22.	Describe the concept of special orders. Explain the decision-making guidelines for special orders.	**15 Marks**	**L2**	**CO2**

23.	Describe various factors that can affect the pricing of a product.	**15 Marks**	**L2**	**CO3**

24.	A project would cost $20,000 and the annual net cash inflows are expected to be as follows. Year / Cash flow / $ 1 / 8,000 2 / 10,000 3 / 6,000 4 / 4,000 Appraise the project using the IRR method and explain the decision.	**15 Marks**	**L5**	**CO5**

25.	Explain the below listed risks: 1. Strategic risks 2. Technological risks 3. Operational risks 4. Compliance risks 5. Sustainability risks Provide appropriate examples in your answer.	**15 Marks**	**L2**	**CO6**