Roll No										

PRESIDENCY UNIVERSITY

GAIN MORE KNOWLEDGE REACH GREATER HEIGHTS

Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956
Approved by AICTE, New Delhi | Approved By BCI
Bengaluru

Even Semester End Term Examinations, May/June 2026		
Date: 19/05/2026		**Time: 09.30 AM - 12.30 PM**
Course Code: MAH2007	**Course Name: Strategic Financial Management - I**	
Semester: Fourth Semester	**Max. Marks: 100**	**Weightage: 50%**

CO - Levels	**CO1**	**CO2**	**CO3**	**CO4**	**CO5**	**CO6**
Marks	**26**	**34**	**32**	**30**	**28**	**30**

Part A: Answer Following Questions. 20 M

Qn.No	**Questions**	**M**	**CO**	**BT**
1	Identify the base for vertical common size balance sheet analysis.	2	CO1	BT1
2	Identify the type of common size statements used for comparing a company’s performance against its budgets.	2	CO1	BT1
3	Define operating leverage.	2	CO2	BT1
4	Provide the formula for inventory days.	2	CO2	BT1
5	Describe how strategic decision-making is affected by cost of capital.	2	CO2	BT2
6	Define risk seeking managers.	2	CO3	BT1
7	Identify the finance source that provides tax exemption advantage.	2	CO4	BT4
8	Describe the concept of equity financing.	2	CO4	BT2
9	Discuss the practice of factoring receivables.	2	CO2	BT2
10	Explain the concept of acquisitions in business growth.	2	CO6	BT2

Part B: Answer Any 1 Following Questions. 16 M

Qn.No	**Questions**	**M**	**CO**	**BT**
11.a	Differentiate between ROA and ROE.	6	CO1	BT2
11.b	'Interpreting common size income statements is straightforward'.	10	CO1	BT2

	Evaluate the observation.			
12.a	Describe the following ratios: Quick ratio Current ratio Cash ratio	6	CO2	BT2
12.b	Assess the impact of the following events on receivables turnover period. 1) A decision to offer settlement discount 2) A decision to shorten credit period 3) Obsolete goods	10	CO2	BT4

Part C: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
13.a	Assess the impact of high operating cycle in working capital management.	6	CO5	BT4
13.b	ABC Co. has $932 net income for the year. The company had the following capital structure throughout the year: Preferred stock, $100 par, 8% cumulative, 4 shares, each convertible into 10 shares Common stock, $1 par, 100 shares Calculate the basic and diluted EPS.	10	CO3	BT3
14.a	Describe how economic order quantity can reduce inventory costs.	6	CO5	BT2
14.b	Discuss how JIT model coupled with ERPS can help an entity in managing inventory costs.	10	CO5	BT2

Part D: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
15.a	Differentiate between common stock and preferred stock.	6	CO4	BT2
15.b	Explain in detail different types of inventory related costs.	10	CO4	BT2
16.a	Analyse the below statement: 'Inflation can be overlooked while analysing performance over time.'	6	CO6	BT4

16.b	Discuss when management will favour debt financing for further capital rather than stock.	10	CO4	BT2

Part E: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
17.a	Discuss the major differences in accounting treatment under U.S. GAAP and IFRS.	6	CO6	BT2
17.b	Differentiate between corporate, government and municipal bonds.	10	CO3	BT2
18.a	Describe the concept of company split up.	6	CO6	BT2
18.b	“A highly geared business will be reluctant to debt financing”. Evaluate the above statement.	10	CO3	BT4

Part F: Answer Any 1 Following Questions. 16 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
19.a	Discuss the concept of horizontal common size statements.	6	CO1	BT2
19.b	Discuss the process of foreign currency translation.	10	CO6	BT2
20.a	Discuss the methods possible to shorten operating cycle to manage working capital.	6	CO5	BT2
20.b	Consider the following financial ratios for previous and current period respectively: Quick ratio: 0.8 and 1.4 Current ratio: 1.2 and 1.8 Receivables days: 25 and 40 Analyze the financial performance of the business.	10	CO2	BT4