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Mid Term Examinations - October 2026

Date: 06/10/2026 **Time:** 11:45 AM - 01:15 PM

Course Code: CBS2049 **Course Name:** Strategic Financial Management - I

Semester: Third Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	46	44

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	Define net working capital and write its formula.	2	CO1	BT1
2	Explain what the cash conversion cycle and its formula.	2	CO1	BT2
3	Solve for the fixed asset turnover: Net sales $900,000; Average net fixed assets $300,000.	2	CO1	BT3
4	Solve for the P/E ratio and dividend yield: Market price per share $60; EPS $4; DPS $1.50.	2	CO2	BT3
5	List any two differences between US GAAP and Ind AS(IFRS).	2	CO2	BT1

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
6	Orion Ltd. reports the following data for year 1 and year 2 respectively Net sales 600,000 750,000 Cost of goods sold 330,000 450,000 Operating expenses 120,000 135,000 Net income 90,000 90,000 (a) Construct a common-size income statement for both years (gross profit to be shown). [6M] (b) Solve for the percentage change in net sales and COGS (Year 1 = 100). [4M]	10	CO1	BT3
7	Vega Ltd. reports the following balance sheet extracts for ($) Year 1 and Year 2 respectively Cash 80,000 90,000 Accounts receivable 160,000 250,000 Inventory 240,000 300,000 Net fixed assets 320,000 360,000 Total assets 800,000 1,000,000 (a) Construct a common-size balance sheet (asset side) for both years. [6M] (b) Solve for the percentage change in accounts receivable, inventory and total assets. [4M]	10	CO1	BT3

PART C: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT

8	Sigma Ltd. provides the following data: Particulars ($) Amount Cash 30,000 Marketable securities 20,000 Net accounts receivable 100,000 Inventory 130,000 Current liabilities 200,000 Cash flow from operations 100,000 Net credit sales 1,000,000 Average accounts receivable 100,000 (Use 365 days.) (a) Solve for the current ratio, quick ratio, cash flow ratio and net working capital. [4M] (b) Solve for the accounts receivable turnover and DSO. [3M] (c) Given DIO = 45 days and DPO = 30 days, solve for the cash conversion cycle (use DSO from (b)). [3M]	10	CO1	BT3
9	Kappa Ltd. provides the following data: Particulars ($) Amount Total debt 300,000 Total equity 700,000 EBIT 420,000 Interest expense 60,000 A 20% increase in sales raises EBIT by 50%, and this 50% increase in EBIT raises EPS by 75%. (a) Solve for the debt-to-equity ratio, debt-to-capital ratio and times interest earned. [6M] (b) Solve for the degree of operating leverage, degree of financial leverage and degree of combined leverage. [4M]	10	CO1	BT3

PART D: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
10	Lambda Ltd. reports net income of $450,000 and preferred dividends of $50,000. It had 120,000 common shares at 1 January and issued 30,000 more on 1 July. ROE is 16% and the retention ratio is 60%. (a) Solve for the weighted-average number of shares. [4M] (b) Solve for basic EPS. [4M] (c) Solve for the sustainable growth rate. [2M]	10	CO2	BT3
11	Mu Ltd. provides the following data: Particulars ($) Amount Net profit of the business unit 1,200,000 Assets of the business unit 6,000,000 Company net sales 10,000,000 Company net income 900,000 Average total assets 5,000,000 Average equity 3,000,000 (a) Solve for the ROI of the business unit. [2M] (b) Apply the DuPont model to solve for the net profit margin, asset turnover and ROA. [4M] (c) Solve for the financial leverage ratio and ROE. [4M]	10	CO2	BT3

PART E: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
12	Nova Ltd. had revenue of $1,500,000 and explicit costs of $1,150,000. The owner's forgone salary is $90,000 and the forgone return on the owner's capital is $110,000. (a) Solve for accounting profit. [4M] (b) Solve for economic profit. [4M] (c) Explain the difference between accounting profit and economic profit. [2M]	10	CO2	BT3

13	Pi Ltd. reports the data of (Year 1) and (Year 2) Net sales $2,000,000 and $2,200,000 ; Accounts receivable $200,000 and $280,000; Inventory $150,000 and $210,000. (a) Solve for the percentage change in net sales, accounts receivable and inventory. [3M] (b) Write any four factors that affect the quality of earnings. [4M] (c) Explain the criteria to recognize Revenue. [3M]	10	CO2	BT3