



SOMAIYA

VIDYAVIHAR UNIVERSITY

Dr. Shantilal K. Somaia School of Commerce and Business Studies

QUESTION PAPERS

BRANCH: Bachelor of Business Administration (Hons.)	SEM: III
	MAR/APR-2024

Sr. No.	Subject	Available
1.	131U07E303 – Strategic Financial Management (A), (B)	
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Semester (July 2023 to November 2023)		
Examination: End Semester Examination March/April 2024 (UG Programmes)		
Programme code:07	Class:	Semester: III
Programme: BBA Hons	SYBBA	
Name of the Constituent College:	Name of the Department Business Studies	
S K Somaiya College		
Course Code:	Name of the Course: Strategic Financial Management	
131U07E303		
Duration : 2 Hrs.	Maximum Marks : 60	
Instructions: : 1) Figures to the right indicate full marks		
2) Q1 – Q3 have internal option. Q4 is compulsory		
3) Working notes should form part of your answer		

Question No.		Max. Marks	CO																								
Q.1. A	<p>Kashvi Ltd provides following information regarding two investment proposals under consideration:</p> <table><tr><th>Particulars</th><th>Proposal A</th><th>Proposal B</th></tr><tr><td>Outflows required initially</td><td>2,50,000</td><td>4,00,000</td></tr><tr><td>Profits before depreciation & tax:</td><td></td><td></td></tr><tr><td>Year 1</td><td>80,000</td><td>1,90,000</td></tr><tr><td>Year 2</td><td>1,20,000</td><td>1,10,000</td></tr><tr><td>Year 3</td><td>90,000</td><td>1,50,000</td></tr><tr><td>Year 4</td><td>60,000</td><td>90,000</td></tr><tr><td>Year 5</td><td>50,000</td><td>60,000</td></tr></table> <p>Useful life of both projects is 5 years with no scrap value. Income tax rate is 40% and cost of investment is 10% p.a. Which proposal should the company select as per NPV method?</p>	Particulars	Proposal A	Proposal B	Outflows required initially	2,50,000	4,00,000	Profits before depreciation & tax:			Year 1	80,000	1,90,000	Year 2	1,20,000	1,10,000	Year 3	90,000	1,50,000	Year 4	60,000	90,000	Year 5	50,000	60,000	15	02
Particulars	Proposal A	Proposal B																									
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Year 4	60,000	90,000																									
Year 5	50,000	60,000																									
	OR																										
Q.1. B	<p>Divit Ltd is evaluating two investment proposals – A & B, details of which are as follows:</p> <table><tr><th>Particulars</th><th>Proposal A</th><th>Proposal B</th></tr><tr><td>Cost of investment</td><td>3,00,000</td><td>3,00,000</td></tr><tr><td>Duration</td><td>5 years</td><td>5 years</td></tr><tr><td>Inflows:</td><td></td><td></td></tr><tr><td>Year 1</td><td>50,000</td><td>40,000</td></tr></table>	Particulars	Proposal A	Proposal B	Cost of investment	3,00,000	3,00,000	Duration	5 years	5 years	Inflows:			Year 1	50,000	40,000	15	02									
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	<p>Year 2 50,000 90,000</p> <p>Year 3 60,000 90,000</p> <p>Year 4 90,000 60,000</p> <p>Year 5 80,000 50,000</p> <p>Required rate of return is 10%. Determine for each project</p> <p>1. Payback period</p> <p>2. Discounted payback period.</p> <p>3. Profitability Index</p> <p>4. NPV method</p>																																		
Q.2. A	<p>Calculate the following ratios from the available information extracted from the records of Kasturba Ltd.</p> <p>1. Current Ratio</p> <p>2. Quick Ratio</p> <p>3. Proprietary Ratio</p> <p>4. Stock Turnover ratio</p> <p>Equity Capital Rs.20,00,000</p> <p>14% Preference Capital Rs.10,00,000</p> <p>General Reserves Rs.25,00,000</p> <p>Fixed Assets Rs.40,00,000</p> <p>Creditors Rs.10,00,000</p> <p>Bank Overdraft Rs.5,00,000</p> <p>Debtors Rs.12,00,000</p> <p>Inventories Rs.10,00,000</p> <p>Cash & Bank Rs.8,00,000</p> <p>Sales Rs.50,00,000</p> <p>Gross Profit 20%</p>	15	03																																
	OR																																		
Q.2. B	<p>Kavit Ltd provides following Balance sheet as on 31-March 2023:</p> <table border="1"> <thead> <tr> <th>Liabilities</th><th>Amount</th><th>Assets</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>Equity Share Capital</td><td>2,00,000</td><td>Buildings</td><td>2,80,000</td></tr> <tr> <td>10% Preference Share Capital</td><td>1,50,000</td><td>Furniture</td><td>10,000</td></tr> <tr> <td>9% Debentures</td><td>50,000</td><td>Trade Investments</td><td>1,00,000</td></tr> <tr> <td>Capital Reserves</td><td>1,00,000</td><td>Debtors</td><td>1,30,000</td></tr> <tr> <td>General Reserves</td><td>40,000</td><td>Cash & Bank</td><td>70,000</td></tr> <tr> <td>Creditors</td><td>60,000</td><td>Preliminary expenses</td><td>10,000</td></tr> <tr> <td>Total</td><td>6,00,000</td><td></td><td>6,00,000</td></tr> </tbody> </table> <p>Calculate and comment on the following ratios:</p> <p>1. Current Ratio</p> <p>2. Proprietary Ratio</p> <p>3. Capital Gearing Ratio</p>	Liabilities	Amount	Assets	Amount	Equity Share Capital	2,00,000	Buildings	2,80,000	10% Preference Share Capital	1,50,000	Furniture	10,000	9% Debentures	50,000	Trade Investments	1,00,000	Capital Reserves	1,00,000	Debtors	1,30,000	General Reserves	40,000	Cash & Bank	70,000	Creditors	60,000	Preliminary expenses	10,000	Total	6,00,000		6,00,000	15	03
Liabilities	Amount	Assets	Amount																																
Equity Share Capital	2,00,000	Buildings	2,80,000																																
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Creditors	60,000	Preliminary expenses	10,000																																
Total	6,00,000		6,00,000																																

4. Debt-Equity ratio

Q.3. A

Shabd Ltd provides following information and requests you to prepare Cash flow statement for the year ended 31-March 2023

Balance sheet (Rs. In '000)

Liabilities	31-3-2022	31-3-2023	Assets	31-3-2022	31-3-2023
Share Capital	500	500	Land & Buildings	200	180
General reserves	252	240	Plant & Machinery	275	210
Bank loan	100	NIL	Other fixed assets	45	30
Creditors	172	158	Investments	50	50
Tax provision	30	45	Stock	190	200
			Debtors	195	170
			Bank	99	103
Total	1,054	943		1,054	943

Additional information:

- Dividends of Rs.30,000 paid during the year.
 - Machinery of book value Rs.15,000 sold at a loss of Rs.3,000.
 - Investments costing Rs.10,000 sold for Rs.12,000.
 - Depreciation for the year: Buildings – Rs.5,000, Plant & Machinery: Rs.20,000
- Prepare Cash flow statement for the year ended 31-March 2023.

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OR

Q.3 B

Kriti Ltd provides financial data for the year ended 31-March 2022 & 31-March 2023.

Balance Sheet

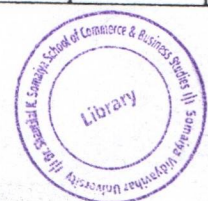
Liabilities	31-3-2022	31-3-2023	Assets	31-3-2022	31-3-2023
Equity Capital	2,00,000	3,00,000	Fixed assets	3,20,000	4,00,000
Reserves	1,00,000	1,60,000	Cash	1,00,000	2,00,000
Current Liabilities	2,40,000	3,00,000	Other Current assets	1,80,000	2,00,000
8% Bank Loan	60,000	40,000			
Total	6,00,000	8,00,000		6,00,000	8,00,000

Additional information:

- Depreciation of Rs.20,000 is charged on fixed assets.
 - Fixed assets worth Rs.60,000 sold for Rs.30,000.
 - Company had obtained additional 8% bank loan of Rs.20,000 during the year.
- Prepare Cash flow statement for the year ended 31-March 2023.

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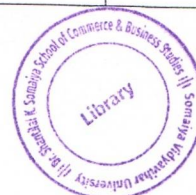
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Q4.	Describe the following concepts: (05 marks each)		
	1. Scope of Strategic financial management	15 marks	
	2. Inter-relationship between finance and marketing function		01
	3. Types of risk in financial management		01
			01

Semester (July 2023 to November 2023)		
Examination: End Semester Examination March/April 2024 (UG Programmes)		
Programme code:07	Class:	Semester: III
Programme: BBA Hons	SYBBA	
Name of the Constituent College:	Name of the Department Business Studies	
S K Somaiya College		
Course Code: 131U07E303	Name of the Course: Strategic Financial Management	
Duration : 2 Hrs.	Maximum Marks : 60	
Instructions: 1) Figures to the right indicate full marks		
2) Q1 – Q3 have internal option. Q4 is compulsory		
3) Working notes should form part of your answer		

Question No.		Max. Marks	CO																												
Q.1. A	Drashya Engineering Co is evaluating two investment proposals – I & II, details of which are as follows: (tax rate : 20% & cost of investment is 10%)		15	02																											
	<table><tr><th>Particulars</th><th>Proposal I</th><th>Proposal II</th></tr><tr><td>Cost of investment</td><td>2,00,000</td><td>1,00,000</td></tr><tr><td>Duration</td><td>5 years</td><td>5 years</td></tr><tr><td>Net profit before tax:</td><td></td><td></td></tr><tr><td>Year 1</td><td>90,000</td><td>44,000</td></tr><tr><td>Year 2</td><td>80,000</td><td>34,000</td></tr><tr><td>Year 3</td><td>70,000</td><td>36,000</td></tr><tr><td>Year 4</td><td>75,000</td><td>32,000</td></tr><tr><td>Year 5</td><td>60,000</td><td>24,000</td></tr></table>	Particulars			Proposal I	Proposal II	Cost of investment	2,00,000	1,00,000	Duration	5 years	5 years	Net profit before tax:			Year 1	90,000	44,000	Year 2	80,000	34,000	Year 3	70,000	36,000	Year 4	75,000	32,000	Year 5	60,000	24,000	
	Particulars	Proposal I			Proposal II																										
	Cost of investment	2,00,000			1,00,000																										
	Duration	5 years			5 years																										
	Net profit before tax:																														
	Year 1	90,000			44,000																										
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	Year 3	70,000			36,000																										
	Year 4	75,000			32,000																										
Year 5	60,000	24,000																													
Determine the best alternative for the company as per NPV method																															
OR																															
Q1. B	Akshara Ltd is currently evaluating 2 projects involving capital outlay of Rs.4,00,000. Inflows expected are as follows:		15	02																											
	<table><tr><th>Particulars</th><th>Project A</th><th>Project B</th></tr><tr><td>Inflows -year 1</td><td>60,000</td><td>40,000</td></tr><tr><td>2</td><td>1,00,000</td><td>80,000</td></tr><tr><td>3</td><td>2,40,000</td><td>1,20,000</td></tr><tr><td>4</td><td>1,20,000</td><td>2,40,000</td></tr><tr><td>5</td><td>80,000</td><td>1,20,000</td></tr></table>	Particulars			Project A	Project B	Inflows -year 1	60,000	40,000	2	1,00,000	80,000	3	2,40,000	1,20,000	4	1,20,000	2,40,000	5	80,000	1,20,000										
	Particulars	Project A			Project B																										
	Inflows -year 1	60,000			40,000																										
	2	1,00,000			80,000																										
	3	2,40,000			1,20,000																										
	4	1,20,000			2,40,000																										
5	80,000	1,20,000																													



	Useful life of the project is 5 years with no scrap value. Cost of investment is 10%. Follow Payback period, NPV method and profitability index method to evaluate these projects with detailed calculations.																										
Q.2. A	Calculate the following ratios from the given information extracted from records of Abhi Ltd 1. Return on Capital Employed 2. Return on Net worth. 3. Debtors Collection Period 4. EPS Operating Profits 10,00,000 12% Debentures 25,00,000 Equity Capital (FV Rs.10) 30,00,000 Reserves 20,00,000 Tax rate 20% Sales 50,00,000 Debtors 10,00,000	15	03																								
	OR																										
Q.2. B	Following information has been extracted from the records of Fast Ltd and Forward Ltd : <table><tr><th>Particulars</th><th>Fast Ltd</th><th>Forward Ltd</th></tr><tr><td>Own Capital</td><td>5,00,000</td><td>8,00,000</td></tr><tr><td>Owed Capital</td><td>2,50,000</td><td>7,00,000</td></tr><tr><td>Current Assets</td><td>1,00,000</td><td>50,000</td></tr><tr><td>Current Liabilities</td><td>60,000</td><td>40,000</td></tr><tr><td>Plant & Machinery</td><td>4,10,000</td><td>8,90,000</td></tr><tr><td>Land & Buildings</td><td>2,90,000</td><td>6,00,000</td></tr><tr><td>Capital Work in Progress</td><td>10,000</td><td>NIL</td></tr></table> <p>Current assets include inventories of Rs.40,000 & Rs.45,000 respectively. From the available information, calculate for both companies:</p> <p>1. Current ratio 2. Acid test ratio 3. Proprietary ratio 4. Capital Gearing ratio</p> <p>Comment and compare the financial position of the two companies.</p>	Particulars	Fast Ltd	Forward Ltd	Own Capital	5,00,000	8,00,000	Owed Capital	2,50,000	7,00,000	Current Assets	1,00,000	50,000	Current Liabilities	60,000	40,000	Plant & Machinery	4,10,000	8,90,000	Land & Buildings	2,90,000	6,00,000	Capital Work in Progress	10,000	NIL	15	03
Particulars	Fast Ltd	Forward Ltd																									
Own Capital	5,00,000	8,00,000																									
Owed Capital	2,50,000	7,00,000																									
Current Assets	1,00,000	50,000																									
Current Liabilities	60,000	40,000																									
Plant & Machinery	4,10,000	8,90,000																									
Land & Buildings	2,90,000	6,00,000																									
Capital Work in Progress	10,000	NIL																									
Q.3. A.	Aarohi Ltd provides summarised balance sheets for the year 2021 & 2022 and requests you to prepare cash flow statement for the year 2022. Balance Sheet <table><tr><th>Liabilities</th><th>2021</th><th>2022</th><th>Assets</th><th>2021</th><th>2022</th></tr><tr><td>Share Capital</td><td>4,50,000</td><td>4,50,000</td><td>Premises</td><td>4,25,000</td><td>4,50,000</td></tr><tr><td>General reserves</td><td>1,55,000</td><td>1,30,000</td><td>Machinery</td><td>4,22,500</td><td>3,75,000</td></tr><tr><td>Profit/Loss account</td><td>86,500</td><td>86,250</td><td>Equipments</td><td>45,500</td><td>50,000</td></tr></table>	Liabilities	2021	2022	Assets	2021	2022	Share Capital	4,50,000	4,50,000	Premises	4,25,000	4,50,000	General reserves	1,55,000	1,30,000	Machinery	4,22,500	3,75,000	Profit/Loss account	86,500	86,250	Equipments	45,500	50,000	15	04
Liabilities	2021	2022	Assets	2021	2022																						
Share Capital	4,50,000	4,50,000	Premises	4,25,000	4,50,000																						
General reserves	1,55,000	1,30,000	Machinery	4,22,500	3,75,000																						
Profit/Loss account	86,500	86,250	Equipments	45,500	50,000																						

Loan from HDFC	1,75,000	1,95,000	Debtors	1,80,000	2,20,000
Creditors	2,31,250	2,75,000	Cash	10,000	3,000
Tax Provision	76,250	84,250	Stock	84,000	1,10,000
			Goodwill	NIL	12,500
			Bank	7,000	NIL
Total	11,74,000	12,20,500		11,74,000	12,20,500

Additional information:

1. Depreciation for the year 2022: Premises – Rs.25,000 & on machinery – Rs.42,500
2. Machinery purchased during the year Rs.90,000.
3. Dividends of Rs.25,000 paid during the year.
4. There is no sale or purchase of equipment during the year.

OR

Q.3. B.

Maahi Ltd provides summarised balance sheets for the year 2021 & 2022 and requests you to prepare cash flow statement for the year 2022.

Balance Sheet

Liabilities	2021	2022	Assets	2021	2022
Equity Capital	2,00,000	2,50,000	Bank	65,000	41,000
12% Debentures	1,00,000	80,000	Stock	40,000	75,000
10% Preference Capital	50,000	80,000	Debtors	90,000	1,50,000
Bank loan	70,000	1,10,000	Machinery	75,000	60,000
Reserves	70,000	85,000	Furniture	10,000	8,000
Creditors	60,000	75,000	Land	1,70,000	2,80,000
Bills payable	40,000	33,000	Buildings	1,40,000	99,000
Total	5,90,000	7,13,000		5,90,000	7,13,000

Additional information:

1. Depreciation during 2022: Furniture – Rs.4,000, Machinery – Rs.12,000 & Buildings – Rs.20,000.
 2. Part of machinery was sold for Rs.15,000 at a loss of Rs.4,000.
 3. During 2022 interim dividend was paid Rs.10,000 and income tax paid Rs.5,000.
 4. During the year part of building was sold at book value.
- Prepare Cash flow statement for the year 2022.

15

04

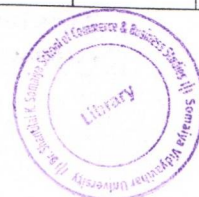
Q.4

Describe the following concepts (5 Marks each)

1. Importance of financial forecasting

15

01



	2. Impact of Global risks in financial management		01
	3 Inter relationship between finance and purchase function		01