

**PARUL UNIVERSITY**  
**FACULTY OF COMMERCE**  
**M.Com.(Hons) Summer 2017 – 18 Examination**

**Semester: 4**  
**Subject Code: 16201251**  
**Subject Name: Strategic Financial Management**

**Date: 08-05-2018**  
**Time: 10:30 AM to 01:00 PM**  
**Total Marks: 60**

**Instructions:**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as directed.****A) Choose the correct answer: (Each of one mark)****(06)**

1. \_\_\_\_\_ focuses upon the best outcome under the most adverse conditions.
 

a) Laplace	b) Probability
c) Minimax	d) Point Estimates
2. \_\_\_\_\_ can be used in conjunction with decision trees, sensitivity analysis, or any technique, to calculate quickly innumerable permutations of probabilistic cash flows.
 

a) Computer Simulation	b) Decision Tree Analysis
c) Sensitivity Analysis	d) Mean Variance Methodology.
3. In most texts the standard deviation (SD) is denoted by the \_\_\_\_\_ letter s.
 

a) Latin	b) Roman
c) Greek	d) English
4. \_\_\_\_\_ has defined "Financial Management".
 

a) CIMA	b) Joseph Massie
c) Joseph Marrie	d) ICAI
5. \_\_\_\_\_ has to take decisions regarding cash management.
 

a) Finance Manager	b) Cashier
c) Employee	d) Cash Manager
6. Financial Management means applying general management \_\_\_\_\_ to financial resources of the enterprise.
 

a) Steps	b) Rules
c) Principles	d) Strategy

**B) Answer the following. (Each of one mark)****(06)**

1. What is the meaning of Business Risk?
2. What do you mean by "Point- Estimates"?
3. How do you calculate Expected Monetary Value (EMV)?
4. What do you understand by the term Management?
5. How do you calculate Coefficient of Variation?
6. What are the choices available to the company to procure additional funds?

**Q.2 Answer the following. (Each of 04 mark)****(12)**

1. Write a short note on Scope of Financial Management.
2. Consider the risk-return profiles of two projects (A and B):  
 $ENPV_A = \$50k$  and  $sNPV_A = \$30k$   $ENPV_B = \$200k$  and  $sNPV_B = \$90k$ . Find out the Coefficient of Variation for both the projects. Also suggest which project should be accepted?
3. Draw the diagram for the Symmetrical Normal Distribution.

**Q.3 Answer the following. (Any Three)****(18)**

1. From the following data calculate the Standard Variation and Variance:

$C_i$	$P_i$
£	
8	0.1
7	0.2
6	0.4
5	0.3

2. Write a short note on Objectives of Financial Management.
3. Write a short note on the risk techniques that are popular with management.
4. Write a short note on Decision Trees, Sensitivity and Computers.

**Q.4 Answer the following. (Any two)**

**(18)**

1. Write a short note on Functions of Financial Management.
2. Mention the steps in Strategic Financial Decision Making.
3. Which are the two broad categories of strategic decisions that are normally made by financial managers of an organization? And what kind of questions do these decisions focus upon to provide their answers?