billing or when the payment is received from the client. However, since in our case we usually have a contract with our clients for specified advertising campaigns, we should follow the method. We should recognise the revenue as soon as an advance billing is made. When we make an advance billing, we establish accounts receivable with clients and record estimated liability to the media and commission campaigns. We also estimates expenses and establish a liability for these estimated expenses related to the client's billings. The final adjustments are made when the complete process of the advertising campaign is over and the final statements are sent to the clients”.

After listening to the finance manager, the managing director wondered as to what would be the effect on reported income, if the agency decided to adopt first of the two alternatives suggested by the Finance Manager.

Required: Which method of revenue recognition will you recommend to Sangam Advertising Agency? Explain the reason for your recommendation.

---

**MBFM 3001**

M.B.A. DEGREE EXAMINATION, JUNE 2014.

Third Semester

Finance

STRATEGIC FINANCIAL MANAGEMENT

Time: Three hours Maximum: 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of Eight.

1. Explain Strategic Planning Process.
2. What are the applications of Financial Models?
3. Explain Risk Adjusted Discount Rate.
4. Explain the reasons for Mergers and benefits of Mergers.
5. Explain Venture Capital Need and Importance.
6. Write a note on Fiscal Incentives.
7. Write on Innovative Sources of Finance for Business.
8. Explain Warrants and Commercial Papers.
It could be recognized at the time of advance advertising that the times frames for recognition of revenue, according to the agency's budget. In our kind of business, we have two departments: the advertising manager and the finance manager. The finance manager's role involves developing advertising campaigns. The agency's task was concerned as to how the income should be measured for a particular year. He sought the advice of the finance director, Mr. Hollow, at the agency.

The advertising manager's case occurs much prior to the actual release of the client's approval. Thus, unlike other types of advertising, the client's approval is normally sent as soon as the advertisements are ready. The advertisement is created by the advertising department. However, it has been common in the advertising industry. It has been the practice of sending an advance billing at the estimates, and the estimates are usually 20% of the media cost. The agency sends a request for the amount, and when it is received, it is included in the client's account. The account executive at the agency meets the concerned executive of the agency. The following is a chart that shows the estimating media and doing media planning for the client as soon as possible.

17. Case Study

PART C — (1) x 20 = 20 marks

2. Contrast various merits for proper spacing of ads, involving developing advertising copy for layout, and placing advertising campaigns. The agency's task was concerned as to how the income should be measured for a particular year. He sought the advice of the finance director, Mr. Hollow, at the agency.

16. Explain the importance and various types of learning.
15. Explain the advantages of Modern Development in India.
14. Explain Venture Capital Concept and Recent Model.
13. Importance of Human Resources.
12. Explain the tools and Techniques of Financial Model.
11. Discuss the impact of Investment Decision on market.
10. Explain the uses and limitations of Financial Model.
9. Answer any five questions out of eight.

PART B — (6 x 10 = 60 marks)