

Question Paper Set of

S.Y.B.F.M. – Sem-III

Regular Exam

University of Mumbai

October, 2019

| PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE & ECONOMICS | |
|---|--|
| DEPARTMENT: FINANCIAL MARKETS | SEMESTER: III |
| CLASS: SYBFM | SUBJECT: MANAGEMENT ACCOUNTING (SET 3) |
| MARKS: 75 | TIME: 2 HRS. 30 MINS. |

Note: Suitable assumptions and working notes should form the part of your answer.

Q.1(A) Fill in the blanks (Any Eight)

(8Marks)

- 1) Management Accounting techniques helps in _____ making
- 2) Management account presents the various financial statement to the _____
- 3) Share capital + _____ less Fictitious Assets = Owned fund
- 4) To express ratio one number is taken as the numerator and another as the _____
- 5) The movement of Stock during the year has to be expressed in number of _____
- 6) Working Capital requires to meet unforeseen situation is called _____ working capital
- 7) When $CA > CL$ such as situation is called _____ working Capital
- 8) AS - _____ stands for class flow statement
- 9) Cash flow is classified into _____ Activities
- 10) The standard Quick ratio is _____

B) Rewrite the Statement and Write True or False (Any Seven) (7 Marks)

- 1) Management accounting helps management to forecast and prepare plans for the future activities of Business-
- 2) Purchase of machinery is an investing activity
- 3) Interest on debentures is a part of cash flow from operating activity
- 4) Bank Balance comes under cash and cash equivalent
- 5) Ownfund + Owed fund = Funds Available
- 6) Purchase of Fixed Asset is a revenue Expenditure
- 7) Proprietors Ratio indicates the ability to meet its long term liabilities
- 8) Brands and trademark is a tangible Assets -
- 9) Net working Capital = $CA - CL$
- 10) Nature of business does not affect working Capital -

Q.2A) From the following Balance sheet ,Prepare vertical balance sheet (Trend Statement) which is suitable for analysis and calculate Trend Percentages taking 2015 as base year:

(15marks)

| Particulars | 2017 | 2016 | 2015 |
|---------------------|--------------|--------------|--------------|
| Share capital | 50000 | 50000 | 50000 |
| Reserves & Surplus | 5000 | 10000 | 10000 |
| Secured Loan | 3000 | 5000 | 5000 |
| unsecured Loan | 2000 | | 6000 |
| Current liabilities | 5000 | 5000 | 4000 |
| Total | 65000 | 70000 | 75000 |
| Fixed assets | 40000 | 45000 | 50000 |
| Investment | 5000 | 7500 | 10000 |
| Stock | 7000 | 6000 | 5000 |
| Debtors | 10000 | 9000 | 7000 |
| Cash | 3000 | 2500 | 3000 |
| Total | 65000 | 70000 | 75000 |

OR

Q.2 B) The following Balances appear in the books of M/s Chota Bheem Ltd for the year ended 31st March 2017, you are required to prepare a Revenue Statement in vertical form. (15marks)

| Particulars | Rs | Particulars | Rs |
|---------------|-------|--------------|-------|
| Opening Stock | 50000 | Sales Return | 20000 |

| | | | |
|------------------------|-------|------------------------------|--------|
| Net Profit b/f from Py | 60000 | Profit on sale of investment | 5000 |
| Office Rent | 5000 | Loss by fire | 5000 |
| Carriage Inward | 20000 | Closing Stock | 40000 |
| General Reserve | 75000 | Purchases | 200000 |
| Wages | 72000 | Postage & Telegram | 5000 |
| Octroi | 5000 | Provision for Tax | 30000 |
| Office staff salaries | 40000 | Sales | 620000 |
| Audit fees | 20000 | Dividend on shares held | 25000 |
| Advertisement | 25000 | Carriage outward | 5000 |
| Finance Expenses | 25000 | Warehouse Expenses | 5000 |
| Loss on sale of assets | 30000 | Import Duty | 3000 |
| Depreciation ! | | | |
| Plant & Machinery | 15000 | | |
| Furniture | 16000 | | |
| Delivery Van | 14000 | | |

Q :-3 A) Following is the Revenue Statement of M/s Scooby -Doo (15marks)

| Particulars | Rs | Particulars | Rs |
|---|--------|----------------------|--------|
| To opening Stock | 54300 | By sales | 540000 |
| To Purchase | 327150 | By Closing Stock | 84000 |
| To Carriage Inward | 8550 | By Interest Received | 5400 |
| To office Expenses | 90000 | | |
| To sales Expenses | 27000 | | |
| To loss on sale on sale of Fixed assets | 2400 | | |
| To net Profit c/d | 120000 | | |
| | | | |
| | 629400 | | 629400 |

Calculate the following ratios:

- 1) Stock Turnover Ratio
- 2) Operating Ratio
- 3) Selling expenses ratio
- 4) Net Profit Before Tax Ratio
- 5) Gross Profit Ratio.

OR

Q3 B) Oggy Ltd and Cockroaches Ltd are in the same line of business. Following are their Balance Sheets as on 31st March 2017: (15marks)

| Liabilities | Oggy Ltd | Cockroaches Ltd | Assets | Oggy Ltd | Cockroache s Ltd |
|----------------------|----------------|-----------------|-------------------|----------------|------------------|
| Equity share Capital | 700000 | 200000 | Land | 100000 | 80000 |
| Provision For Tax | 55000 | 40000 | Building | 250000 | 200000 |
| 12% Debentures | 200000 | 500000 | Plant & Machinery | 500000 | 300000 |
| Reserves & Surplus | 100000 | 100000 | Debtors | 210000 | 110000 |
| Creditors | 120000 | 70000 | Stock | 100000 | 200000 |
| Bills Payable | 40000 | 20000 | Cash& Bank | 55000 | 40000 |
| | | | | | |
| Total | 1215000 | 930000 | | 1215000 | 930000 |

You are required to calculate the following ratios for both the companies:

- a) Proprietary ratio
- b) Capital – Gearing ratio
- c) Current ratio
- d) Stock Working capital ratio

Q.4 A) From the following financial statement prepare Cash flow statement of Mickey Mouse Ltd for the year ended 31st March 2018. (15marks)

| Liabilities | 2017 | 2018 | Assets | 2017 | 2018 |
|------------------------|---------------|---------------|---------------------|---------------|---------------|
| Share capital | 135000 | 140000 | By Goodwill | 13950 | 4950 |
| Profit and Loss A/c | 30000 | 35000 | Land and Building | 32400 | 45000 |
| General Reserve | 10500 | 19000 | Plant and Machinery | 113400 | 85050 |
| Debentures | 45000 | 22000 | Furniture | nil | 40500 |
| Loans | 67950 | 62010 | Investment | 40500 | 49500 |
| Creditors | 71650 | 43940 | Debtors | 94500 | 114120 |
| Proposed Dividend | 13500 | 16200 | Bank Balance | 89650 | 11630 |
| Provision for Taxation | 10800 | 12600 | | | |
| | | | | | |
| Total | 384400 | 350750 | | 384400 | 350750 |

Other Information:-

- 1) Depreciation is provided at 10% on furniture on opening Balance
- 2) Depreciation on Land and Building is RS 5000
- 3) Investment costing Rs.8000 were sold for Rs.10000
- 4) Tax of Rs.13000 was paid in the year 2018

OR

Q.4 B) From the following information prepare an estimate of working capital required to finance a level of activity of 312000 units p.a (52 weeks) and how will you finance the working capital.(15marks)

| Particulars | Per unit (RS) |
|----------------|----------------|
| Rawmaterial | 90 |
| Wages | 40 |
| Overheads: | |
| Manufacturing | 30 |
| Administrative | 40 |
| Selling | 10 |
| | 210 |
| Profit | 40 |
| Selling Price | 250 |

Other information

- a) Raw materials are held in stock for a period of 4 week
- b) Material remain in process for 2 weeks requiring 50% wages and 40% overheads
- c) Finished goods remain in stock for a period of 4 weeks
- d) Credit allowed to customers is 8 weeks but 20% of the invoice price is collected immediately
- e) Time lag in Payment of wages is 1.5 weeks and in overheads is 4 weeks.
- f) Credit available from suppliers is 4 weeks but 20% of the creditors are paid 4 weeks in advance
- g) Bank balance is to be maintained at Rs 60000

Q.5A)Answer the following

- A) Explain in detail about the Merits and demerits of ratio Analysis.
- B) List down and explain the Parties interested in financial statements

(8Marks)

(7Marks)

OR

Q.5 C)Write a short notes on (any three)

(15marks)

- 1) Qualities of a Management accountant
- 2) Types of Working capital
- 3) Comparative Statement
- 4) Fictitious Asset
- 5) Operating and Non-operating Expenses

| PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE & ECONOMICS | |
|---|----------------------------------|
| DEPARTMENT: FINANCIAL MARKETS | SEMESTER: III |
| CLASS: SYBFM | SUBJECT: COMPUTER SKILLS (SET 3) |
| MARKS: 75 | TIME: 2 HRS. 30 MINS. |

Q.1 A Multiple Choice Question (Any 8).

8M

- 1 A _____ database is a refinement of the logical design.
a. Logical b. Physical c. Information d. RDMS
- 2 _____ access the business logic of an application by requesting a service from a business entity.
a. Client b. Server c. Remote d. Physical
- 3 In MS-Access, _____ data type use for text or combinations of text and number.
a. Text b. Single c. AutoNumber d. Hyperlink
- 4 In MS-Access, _____ data type can store pictures, audio, video or other objects.
a. Ole Object b. Hyperlink c. Single d. Double
- 5 A table can have only one _____ key.
a. Primary b. Foreign c. Data d. Logical
- 6 _____ clients can be local, but it cannot connect to a database directly.
a. Remote b. Server c. Physical d. Logical
- 7 _____ software help companies to align their manufacturing and inventory processes.
a. CRM b. ERP c. data d. Logical
- 8 _____ provides quick response.
a. EDI b. Information c. Server d. AutoNumber
- 9 In MS-Excel, Macro option available under _____ tab.
a. Home b. Developer c. Insert d. References
- 10 A _____ is a logically coherent collection of data with some inherent meaning.
a. Database b. Information c. Server d. Library

Q.1 B State True or False (Any 7).

7M

- 1 A Pie Chart can only display one series of data.
- 2 Oracle is a database management system software.
- 3 Report can be created in MS-Access 2007.
- 4 In MS-Excel, =overall() is used to calculate the average of the given data.
- 5 One same database contain more than one table.
- 6 .accdB is an extension of Microsoft Access 2007.
- 7 A rows are the horizontal segment of the table.
- 8 ERP cannot be implemented In Project management.
- 9 Use of ERP system can be inexpensive.
- 10 E-banking can be use without use of internet.

- Q.2**
- A In MS-Excel, What is macro? explain the steps to create macro. 7M
- B In MS-Excel, What is PIVOT? Explain features of PIVOT table. 8M
- OR**
- C In MS-Excel, What is VLookup? Explain with example. 7M
- D Explain Area chart and Scatter chart of MS-Excel. 8M
- Q.3**
- A Explain the concept of foreign key in DBMS. 7M
- B Explain 2-tier and 3-tier architecture of DBMS. 8M
- OR**
- C Explain the following data type of MS-Access 2007. 15M
- a. Single b. Double c. Autonumber d. currency e. Lookup Wizard
- Q.4**
- A Why Companies undertake ERP? 7M
- B Explain the importance of SCM. 8M
- OR**
- C Explain online trading with its advantages and disadvantages. 15M
- Q.5**
- A Explain the various types of CRM. 7M
- B What is ERP? Explain its benefits and its challenges. 8M
- OR**
- C Short note (Any 3). 15M
- 1 EDI
 - 2 Components of CRM
 - 3 MIS
 - 4 RDBMS
 - 5 Primary key

| PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE & ECONOMICS | |
|---|--|
| DEPARTMENT: FINANCIAL MARKETS | SEMESTER: III |
| CLASS: SYBFM | SUBJECT: FOUNDATION COURSE (III) (SET 2) |
| MARKS: 75 | TIME: 2 HRS. 30 MINS. |

Q.1) (A) Fill in the blanks by choosing the correct words. (Any Eight)

(8)

- i. _____ is the regulator and supervisor of the financial system.
(SEBI, IMF, RBI)
- ii. The tenure of the transactions of _____ is from 2 days to 14 days.
(Overnight market, Notice money market, Term money market)
- iii. _____ caters to long term availability of funds.
(Money market, Capital market, Commodity market)
- iv. Mutual funds in India follow a _____ structure.
(Single Tier, 2 Tier, 3 Tier)
- v. _____ is an unsecured money market instrument issued in form of promissory note.
(Treasury bill, Government securities, Commercial paper)
- vi. _____ is a short term debt instrument issued by a firm that is guaranteed by a commercial bankers.
(Commercial paper, Bankers Acceptance, Cash Management Bills)
- vii. _____ are issued by Govt of India to meet the temporary mismatch of _____ cash flow of the Govt.
(Forward Bills, Commercial Bills, Cash Management Bills)
- viii. RBI's policy measures aim at _____.
(Economic development, Issuing securities, Controlling inflation)
- ix. Bills that are drawn as per the prevailing customs or trade practices are called _____.
(Export bills, Indigenous bills, Usance bill)
- x. Trustees appoint the _____ to manage investor's money in case of mutual fund. (Bankers, Asset Management company, Lawyers)

Q.1)B) State whether the following statement are True or False. (Any Seven)

(7)

- a) Development institutions provide consultancy facilities.
- b) Money market is a wholesale market for short term debt instruments.
- c) Disintegrated market leads to better control and supervision by regulators.
- d) Genuine trade bills are commercial bills.
- e) Money market has single interest rate.
- f) Certificate of deposits were introduced to meet competition by banks.
- g) Credit rating agency rates debtors ability to pay back debt.
- h) In case of mutual funds contracts are entered in the names of trustees.
- i) Banker's Acceptance help in international trade only.
- j) Commercial Bills and Commercial Papers are same.

Q.2) A) Write the characteristics of Commercial bills?

(8)

B) What are promissory notes and explain its characteristics.

(7)

OR

C) State the merits and demerits of commercial paper.

(8)

D) Explain the meaning of mutual fund along with its working.

(7)

Q.3) A) How is discount rate calculated in case of certificate of deposit?

(8)

B) Briefly explain the features of money market.

(7)

OR

C) Explain the role of FIMMDA in Indian market.

(8)

D) Write the advantages of Treasury bills.

(7)

- Q.4) A) What is call money market? How is it important in India? (8)
B) Write a note on Inter Bank Participation certificate (IBP) (7)
OR
C) Explain briefly repos and reverse repos of modern money market. (8)
D) Elaborate in brief on collateralized borrowing and lending obligation. (7)
- Q.5) A) Write short note on Banker's Acceptance. (8)
B) Explain the recent developments introduced in the money market. (7)
OR
C) Write short notes on (Any Three) (15)
a) Characteristics of stock exchange
b) Importance of Credit Rating Agencies
c) SEBI
d) Open market operations of RBI
e) Quantity and time conditions of Negotiated Dealing System.

PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE & ECONOMICS

| | |
|-------------------------------|---------------------------------|
| DEPARTMENT: FINANCIAL MARKETS | SEMESTER: III |
| CLASS: SYBFM | SUBJECT: BUSINESS LAW-I (SET 2) |
| MARKS: 75 | TIME: 2 HRS.30 MINS. |

Note: 1) Mention relevant case laws where necessary

Q1 (A) Fill in the Blanks (Any 8)

- _____ = offer+ acceptance.
- Stranger to a contract _____ sue or be sued.
- Contracts by convicts are _____.
- _____ is an error of judgement.
- In Indemnity one party saves the other from _____.
- _____ means voluntary transfer of possession from one person to another.
- Doctrine of caveat emptor places the burden on the _____.
- _____ is also a Bill of Exchange.
- For bouncing of cheque the maximum imprisonment can be _____ years.
- The right of _____ means the right to retain the possession of goods.

(08)

(B) Match the Column: (Any 7)

| Column A | Column B |
|--------------------------|---|
| 1. Offer | a. maybe past, present or future |
| 2. Hire Purchase | b. Buyer beware |
| 3. Negotiable Instrument | c. Surety's distinct liability |
| 4. Pledge | d. different from invitation to offer |
| 5. Consideration | e. also called as implied contracts |
| 6. Stoppage in transit | f. similar features to bill of exchange |
| 7. Quasi Contracts | g. payment made in installments |
| 8. Contract of Guarantee | h. goods are neither with the seller or buyer |
| 9. Caveat Emptor | i. must be in writing |
| 10. Cheque | j. bailment as a security |

(07)

Q.2(A) Define Contract. Explain the various features of valid contract.

(08)

(B) Distinguish between Coercion and Undue Influence.

(07)

OR

Q.2(C) Define Capacity. State the laws relating to an agreement entered by minor, unsound mind persons and disqualified persons in detail?

(15)

Q.3(A) Distinguish between contract of Sale and Hire Purchase Agreement.

(08)

(B) Explain contract of Indemnity.

(07)

OR

Q.3(C) What is the difference between Condition and Warranty? What are the various Implied Conditions and Warranties which are presumed to be there under a contract of sale as per the Sale of Goods Act?

(15)

Q.4(A) Define Bill of Exchange and also mention its essential features and kinds. What is the difference between Promissory Note and Bill of Exchange?

(15)

OR

Q.4(B) Write a note on the concept of Dishonor of Cheque?

(08)

(C) What are the different kinds of Negotiable Instrument?

(07)

Q.5(A) Explain contract of Agency with reference to the ways in which it is created?

(08)

(B) What are the rules of valid offer?

(07)

OR

Q.5. Short Notes: (Any 3)

- Mistake
- Maturity of Instrument
- Bailment
- Wagering Agreement
- E-Contracts

(15)

PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE & ECONOMICS

| | |
|-------------------------------|--------------------------------------|
| DEPARTMENT: FINANCIAL MARKETS | SEMESTER: III |
| CLASS: SYBFM | SUBJECT: TREASURY MANAGEMENT (SET 1) |
| MARKS: 75 | TIME: 2 HRS.30 MINS. |

NB: [1] Show diagrams wherever necessary.
[2] Working Notes will form a part of answer.

Q.1]

A. Choose the correct option for the following statements from the options given below each statement. (ANY 8) (8)

- 1) The first Treasury Department was established at Philadelphia after the _____.
a) Industrial Revolution
b) Green Revolution
c) World War I
d) American Revolution
- 2) The short term cash forecast generally covers cash requirement for _____ days.
a) 15
b) 30
c) 45
d) 60
- 3) _____ are issued by the Government of India as short term debt instruments.
a) Treasury Bills
b) Commercial Papers
c) Government Bonds
d) Corporate Bonds
- 4) For a cross currency arbitrage to occur there must be at least _____ different currencies in a FOREX Transaction.
a) Zero (0)
b) One (1)
c) Two (2)
d) Three (3)
- 5) The process of the treasury management is governed by the _____ principle.
a) 5Eye
b) 4 Eye
c) Iron
d) Diamond
- 6) In a bank, the _____ dealer communicates directly with the customer for availing loan.
a) Front Office
b) Middle Office
c) Back Office
d) Administration Office
- 7) _____ Self-Regulatory Agency has come out with a code of conduct for dealers and brokers which are followed by all the banks.
a) NDSOM
b) FEDAI
c) FIMMDA
d) CBLO
- 8) _____ is the function of deployment of funds in the business segment.
a) Disbursement
b) Float
c) Reconciliation
d) Spread
- 9) The _____ risk is faced by the companies which have subsidiaries overseas for representing assets and liabilities in the foreign currencies.
a) Transaction
b) Economic
c) Translation
d) Market
- 10) _____ is a short term forward contract which is settled in the cash markets for non-convertible foreign currencies.
a) Futures
b) NDF
c) LRF
d) DDF

B) State whether the following statements are true or false. (ANY 7)

1. Treasury Management and Financial Management are one and the same.
2. The treasurer does not face any short term risk while planning for liquidity management.
3. Direct quote is quote when the value of foreign currency is represented in home currency.
4. Treasury Department is established only for a government.
5. An audit trail is an essential requirement during the process of treasury dealing.
6. There is no interest paid on a Zero Coupon Bond.
7. Treasury market products includes commercial papers.
8. CCIL is a stock exchange in India.
9. Dealing room is centre for market and risk management activities in a bank.
10. Credit risk arises due to repayment of loans and advances by currency traders.

Q.2]

- A. Define Treasury Management. Describe the function of Treasury Management. (8)
B. What challenges does the treasurer face on operational level? (7)
OR
C. Describe Liquidity Management. Explain the 3 classifications of cash forecasting. (8)
D. Using a diagram, elaborate the process of Treasury Operation. (7)

Q.3]

- A. Discuss the benefits of the National Treasury Market of India. (8)
B. What is Government Securities Market? Discuss the instruments issued in this market. (7)
OR
C. Using the following data, calculate the forward rate of Euro to Rs. (8)
Spot Rate as on 01st October, 2019 is EUR 1 = INR 71.4559/71.5503
The swap points against Euro are:
i. November, 2019: 0580/0536
ii. December, 2019: 0741/0792
iii. January, 2020: 0624/0598
iv. February, 2020: 0164/0181
D. From the information given below, identify the currency, nature of the quote and convert it into the opposite quote. (7)
USD 1 = INR 71.0215 / 71.1005
GBP 1 = EUR 1.1297 / 1.1317
CHF 1 = SGD 0.3884 / 0.3886
JPY 1 = CAD 0.0124 / 0.0125

Q.4]

- A. What do you mean by NDF Market? State the various characteristics of the NDF Market. (8)
B. What is exchange rate movement? Which determinants affect the exchange rate movement? (7)
OR
C. You are required to find the cross-currency rates using the following rates (8)
o GBP 1 = CHF 2.3333 / 2.5555
o CHF 1 = INR 70.1565 / 70.5989
o CHF 1 = INR ?
Also find the mean spread for the cross-currency quote hence received.
D. At 2 trading locations in India, the respective banks at the location have given the following exchange rates: (7)
Kotak Bank, Kolkata Branch- USD 1 = INR 72.9800 / 73.5300
ICICI Bank, Rajkot Branch- USD 1 = INR 72.6400 / 72.8400
The investor proposes to invest INR 2,00,00,000. You are requested to suggest the possibility of arbitrage gain, if any.

Q.5]

- A. What is an Open Position? Discuss the different types of Open Position Limits. (8)
B. Which policies are adopted by the treasurer for minimizing treasury risk? (7)
OR
C. Write short notes on the following. (ANY 3) (15)
1. Control and Reporting Requirements for Deal Recording and Confirmation.
2. Stop Loss Limit.
3. Structure of Treasury Department in Bank.
4. Money Market Instruments.
5. Back Office of Treasury Department.

(60) 11/10/19

| PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE & ECONOMICS | |
|---|---------------------------------|
| DEPARTMENT: FINANCIAL MARKETS | SEMESTER: III |
| CLASS: SYBFM | SUBJECT: EQUITY MARKETS (SET 2) |
| MARKS: 75 | TIME: 2 HRS. 30 MINS. |

QIA] FILL IN THE BLANKS- (ANY 8)

(8M)

- _____ market involves financial instrument with high liquidity and short term maturity.
a. Primary market b. Money market c. Capital market
- _____ capital is owned capital.
a. Debenture b. equity c. Preference
- _____ is when a company issues its existing shareholders a right to buy additional shares in a company.
a. Sweat equity b. ESOP c. Right issue
- _____ is a person who acts as an intermediary between buyer and seller in the market
a. Broker b. Floor broker c. merchant banker
- _____ introduced the screen based trading and settlement system supported by a state of the art technology platform.
a. BSE b. NEAT c. NSE
- ASBA was introduced in India in _____.
a. 2008 b. 2007 c. 2009
- An _____ is an instrument denominated in Indian rupee in the form of a depository receipt created by a domestic depository.
a. ADR b. IDR c. GDR
- _____ provides liquidity to the individuals who acquired securities
a. Capital market b. Money market c. Secondary market
- _____ refers to a valuation of a firm current share price compared to its EPS.
a. ROE b. Dividend yield c. P/E ratio
- _____ means permission to quote shares and debentures officially on the trading floor of the stock exchange.
a. Trading of securities b. Purchase of securities c. Listing of securities

QIB] REWRITE THE STATEMENT AND STATE WHETHER TRUE OR FALSE - (ANY 7)

(7M)

- Financial instrument are those instrument issued by government.
- DRIPS are plans that are sponsored by most large companies.
- IPO helps in listing of securities.
- ADR gives easy and direct access to funding in foreign market.
- Stock exchange is self-regulatory bodies under the overall regulatory purview of the private companies.
- There are different types of players in the market they are called bulls, bears and monkey.
- Offer document contains the price band for the IPO.
- Stop loss orders enable to limit the profit due to price fluctuation in the market.
- Secondary markets are regulated by RBI.
- The external factor that affects the industry as a whole is termed as unsystematic risk, in capital market.

QIIA] Explain the link between domestic savings and investment. (8M)
QIIB] Factors responsible for the growth of corporate sector and number of equity shareholders (7M)

OR

QIIC] What are the primary functions of RBI? (8M)
QIID] Explain in detail regarding SEBI with its powers and objectives (7M)

QIIIA] Explain the role of merchant banker (8M)
QIIIB] What is GDR? And list its advantages (7M)

OR

QIIIC] Explain- private placement and Offer for sale (8M)
QIIID] What do you mean by IDR? And explain its benefits and drawbacks. (7M)

QIVA] What is the procedure for listing at stock exchange? (8M)
QIVB] State the functions of stock exchange (7M)

OR

QIVC] Explain the major segments of the NEAT screen (8M)
QIVD] Explain Fundamental Analysis (7M)

QVA] Explain in detail regarding secondary market. (8M)
QVB] What are the types of investments? (7M)

OR

QVC] WRITE SHORT NOTES ON- (ANY 3) (15M)

- 1) Market participants in equity markets
- 2) Abridged Prospectus
- 3) Sweat Equity
- 4) Functions of BSE
- 5) Trading Regulations

PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE & ECONOMICS

DEPARTMENT: FINANCIAL MARKETS

SEMESTER: III

CLASS: SYBFM

SUBJECT: PORTFOLIO MANAGEMENT (SET 1)

MARKS: 75

TIME: 2HRS. 30 MINS.

(08)

Q1 A) Match the Column (ANY EIGHT):

| No. | Column A | | Column B |
|-----|--------------------------------------|---|---|
| 1 | Default risk | A | Safety |
| 2 | Element of Investment | B | Jensen's measure |
| 3 | Principles of portfolio construction | C | Time |
| 4 | Risk | D | Ability to convert investment into cash |
| 5 | Optimal Portfolio | E | Change of loss |
| 6 | CAPM | F | Markowitz |
| 7 | Portfolio | G | PPF |
| 8 | Liquidity | H | Related to movement of marked |
| 9 | Beta | I | Combination of security |
| 10 | Tax Saving Investment | J | Bankruptcy |

Q1B) Rewrite the statements and state whether they are True or False: (ANY SEVEN) (07)

1. Risk averse investors require higher increment or return for each additional increase in risk.
2. Unsystematic risk is not diversifiable risk.
3. When correlation co efficient greater than zero it is positive co relation.
4. Higher the standard deviation lower is the investment risk.
5. Portfolio mix depends upon the investor's preference.
6. Total risk is equal to systematic risk plus unsystematic risk.
7. Safety first model aimed at reducing the risk of bad outcome.
8. Second order of stochastic dominance model is based on the assumption that investor are risk averse.
9. The market index has a beta of 2.0 by definition.
10. Investment in PPF does not provide tax benefits.

Q2 A) The rate of return on stock M and stock N under different state of economy are given below: (15)

| State of economy | Probability | Stock ^M (%) | Stock ^N (%) |
|------------------|-------------|------------------------|------------------------|
| BOOM | 0.3 | 25 | 40 |
| NORMAL | 0.5 | 35 | 35 |
| RECESSION | 0.2 | 45 | 30 |

Calculate the expected rate of return and standard deviation of return on stock M and stock N.

Give suggestion, which stock is a better investment option.

OR

Q2 B) Distinguish between investment and speculation. (08)

Q2 C) Explains advantage of portfolio management. (07)

Q3 A) In January, 2015 Mr. Abhishek purchased the following five companies' shares: (15)

| Company | Number of shares | Purchased price(rs) |
|-----------|------------------|---------------------|
| A Limited | 100 | 290 |
| B Limited | 100 | 190 |
| C Limited | 100 | 100 |
| D Limited | 100 | 390 |
| E Limited | 100 | 290 |

He paid brokerage of Rs. 8500. During the year 2015, He received the following:

| Company | A Limited | B Limited | C Limited | D Limited | E Limited |
|---------------|-----------|-----------|-----------|-----------|-----------|
| Dividend (Rs) | 600 | 600 | 500 | 700 | 700 |

| | | | | | |
|-------------|-----|---|---|---|---|
| Bonus share | 1:2 | - | - | - | - |
|-------------|-----|---|---|---|---|

In January 2017 he sold all his holding at the following price:

| | | | | | |
|-------------------|-----------|-----------|-----------|-----------|-----------|
| company | A Limited | B Limited | C Limited | D Limited | E Limited |
| Market price (rs) | 405 | 290 | 140 | 460 | 500 |

He paid brokerage of 9700. Calculate HPR (HOLDING PERIOD OF RETURN) and AR (ANNUALISED RETURN).

OR

Q3B) ASHOK purchased 100 shares of ALTD. Four years ago at RS 500 each. The rate of brokerage was 1%. The company paid the following dividends. (8)

| | | | | |
|-------------------------|--------|--------|--------|--------|
| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 |
| DIVIDEND PER SHARE (RS) | 2 | 2 | 2.5 | 3 |
| DIVIDEND AMOUNT | 200 | 200 | 250 | 300 |

The current price of the share is rs 600. What is the profit earned on his investment if he sells the shares now?

Q3 C) From the following information calculate beta of security. (7)

| Year | Return of Security (%) | Return on market (%) |
|------|------------------------|----------------------|
| 1 | 10 | 12 |
| 2 | 12 | 11 |
| 3 | 15 | 14 |
| 4 | 10 | 12 |
| 5 | 8 | 11 |

Q4) A) Compare the following portfolio on performance using Sharpe Treynor & Jensen measures & rank them. Risk free return is 6%. (15)

| Portfolio | Avg. return | Standard Deviation | Beta |
|--------------|-------------|--------------------|------|
| 1 | 15% | 0.20 | 1.25 |
| 2 | 12% | 0.35 | 0.75 |
| 3 | 10% | 0.15 | 1.20 |
| Market Index | 12% | 0.25 | 1.00 |

OR

B) you are considering an investment in one of the following bonds. (15)

| Type | Coupon rate | Maturity | Price rs 100 par value |
|--------|-------------|----------|------------------------|
| Bond a | 12% | 10 year | Rs 70 |
| Bond b | 10% | 6 year | Rs 60 |
| Bond c | 8% | 3 year | Rs 90 |

A) What is YTM of each bond?

B) Which bond would you recommend for investment? Why?

Q5) A Explain any four types of Investor. (8)

Q5) B Explain various types of Risk (7)

OR

Q5) C Write Short note (Any 3) (15)

1. Advantages of Active portfolio management
2. Explain the different requirements of securities market to be efficient
3. Explain Systematic risk & Unsystematic risk
4. Portfolio Diversification
5. Assumptions of Markowitz theory

(60) 10/10/19