

Question Paper Set of

S.Y.B.I.M. – Sem-III

Regular College Exam

November, 2017

Time: 2 ½ Hrs.

Maximum Marks: 75

NOTE: 1- All questions are compulsory, subject to internal choice.

2- Figures to the right indicate full marks.

Q1(A) Fill in the blanks. (any eight)

(8)

- 1- Overheads consist of all the following except _____
(indirect material / factory utilities / direct labour)
- 2- Cost of production – administrative overheads = _____
(prime cost / works cost / work in progress)
- 3- Notional remuneration to owners appears only in _____ account.
(financial / cost / both)
- 4- In reconciliation statement, expenses shown only in financial accounts are _____
(added to financial profit / deducted from financial profit / ignored)
- 5- Abnormal gains are equal to _____
(actual output - normal output / normal output - actual output / actual output - input)
- 6- Realizable value of abnormal gain is debited to _____ account.
(process / abnormal gain / normal loss)
- 7- The cost of product as determined under standard cost system is _____
(historical cost / direct cost / predetermined cost)
- 8- The standard cost card contains quantities and cost for _____
(material, labour & overhead / material only / labour only)
- 9- The contribution to sales ratio of a company is 20% and profit is R.s. 64,500. If the total sales of the company are R.s. 7,80,000 the fixed cost is _____
(R.s. 91,500 / R.s. 1,21,500 / R.s. 1,56,000)
- 10- Profit-volume ratio is improved by reducing _____
(variable cost / fixed cost / both)

Q1(B) State whether following statements are true or false. (any seven)

(7)

- 1- Overheads include only fixed cost.
- 2- Interest is shown in the cost sheet.
- 3- Transfer to general reserve is credited to financial profit and loss account.
- 4- Goodwill written off appears only in cost accounts.
- 5- Need for reconciliation arises in case of integrated system of accounts.
- 6- Abnormal loss is charged to costing profit and loss account.
- 7- Invisible waste has no sale value.
- 8- Marginal costing is a method of costing.
- 9- Sales below break-even point means profit.
- 10- The main purpose of standard costing is cost control.

(TURN OVER)

Q2 From the books of accounts of M/s. Mona Enterprises the following details have been extracted for the Quarter Ending December 31, 2016. **(15)**

Particulars	Rs.
Stock of Materials- Opening	2,70,000
Stock of materials- Closing	3,00,000
Purchases of Materials	12,48,000
Direct Wages	3,57,000
Direct Expenses	1,20,000
Indirect Wages	24,000
Salaries to Administrative Staff	60,000
Carriage Inward	48,000
Carriage Outward	37,500
Manager's Salary	72,000
General Charges	37,200
Legal Charges for criminal Suit	20,000
Commission on Sales	28,000
Fuel	96,000
Electricity charges (Factory)	72,000
Director's Fees	36,000
Repairs to plant & machinery	63,000
Rent, Rates & Taxes –Factory	18,000
Rent, Rates and Taxes –Office	9,600
Depreciation on Plant & Machinery	45,000
Depreciation on Furniture	3,600
Salesmen's Salaries	50,000
Audit Fees	18,000

1. The Manager's time is shared between the factory and the office in the ratio of 20:80

2. Carriage inward include Rs. 7,500 being carriage inwards on Plant & Machinery.

(TURN OVER)

3. Selling Price is 120% of the cost price.
From the above details prepare cost sheet for the quarter ending 31-12-2016 and ascertain sales.

OR

Q2

Following is the summarized Trading and Profit and Loss Account of Sheetal Industries for the year ended 31-03-2016.

(15)

Particulars	Amount	Particulars	Amount
To Opening stock of Raw materials	9,000	By Sales (12000 Units)	4,80,000
To Purchases of Raw Materials	2,10,000	By Closing Stock Finished goods (3000 units)	66,000
		Raw Materials	24,000
To Carriage Inwards	5,000	By Interest on securities	17,000
To Factory Expenses Paid: 52,400 Add: O/s 2,200	54,600	By Profit on sale of Assets	1,20,000
To Administrative Overheads	52,500		
To wages	75,400		
To Selling and Distribution O/h	96,000		
To Goodwill Written off	12,500		
To Interest on Loans	1,500		
To Dividend	2,500		
To Income Tax	5,000		
To Net Profit	1,83,000		
	707000		707000

A Standard Unit was Manufactured during the year. The cost accounting records shown the followings:

- Materials consumed @ Rs.10 per unit produced
- Direct wages @ Rs.6 per unit Produced
- Factory Overheads were observed 25% of Prime Cost.
- Administrative Overheads were absorbed @ Rs.5 per Unit produced.
- Selling and Distribution overheads were @ Rs.7 per unit sold.

You are required to prepare the detailed cost statement for the year ended 31-3-2016 and a statement of reconciliation.

(TURN OVER)

- Q3** M/s. Sagar Enterprises Ltd provides you the following data for the month of January, 2016 about processes D, C and H: (15)

Particulars	Process D	Process C	Process H
Basic Raw Material Introduced (Units)	18,000	3,156	3,450
Cost of Basic raw Material Per unit (Rs.)	5.00	6.00	7.00
Labour Charges (Rs.)	52,000	36,000	30,000
Factory Overhead (Rs.)	30,440	14,874	15,660
Normal Loss (% of total number of units input)	6%	5%	4%
Scrap value Per unit (Rs.)	3.00	4.00	5.00
Output sold at the end of the process (%)	30%	40%	100%
Output Transferred to next process (%)	70%	60%	-
Selling price per unit of the output sold at the end of the process (Rs.)	13.50	17.50	18.50

Other Common Expenses not chargeable to Process accounts:

Office and Administration Overheads Rs 30,000.

Selling and Distribution Overheads Rs 23,636.

You are required to prepare process C, D and H Accounts indicating clearly profit or loss in each process and costing Profit and Loss account.

OR

- Q3** A product passes through three Processes. The following Cost Data have been obtained from the books of Manufacturing Company. (15)

Particulars	Total(Rs)	Process I	Process II	Process III
Material	3,01,680	1,04,000	79,200	1,18,480
Direct Wages	3,60,000	80,000	1,20,000	1,60,000
Production Overhead	3,60,000	-	-	-

20,000 units at Rs. 6/- each were introduced into process I. There were no stock of material or work-in-progress at the beginning or at the end. The output of each process passes directly to next process and finally to the finished Stock.

Production overhead is recovered at 100% of Direct Wages

The following additional Data are obtained:

Process	Output unit	Percentage Of Normal Loss To input.	Value of Scrap Per unit.
I	19,000	5%	4
II	16,800	10%	8
III	15,000	15%	10

Prepare Process Accounts.

(TURN OVER

- Q4(a)** The sales turnover and profit of M/s Anup Ltd. during the two year 2015 and 2016 were as follows: (8)

Year	Sales (R.s.)	Profit (R.s.)
2015	18,00,000	2,40,000
2016	20,40,000	3,00,000

You are required to calculate:

- P/V Ratio
- BEP sales
- Sales required to earn a profit of R.s. 4,80,000.
- The profit made when sales are R.s. 30,00,000.

- Q4(b)** (7)

	Standard	Actual
Units(output)	1000	5000
Hours	10	55
Rate per Hour (in Rs.)	8	7.80

Calculate :

- Labour cost variance
- Labour rate variance
- Labour efficiency variance

OR

- Q4(p)** The following figures relate to Aayush Ltd. (8)

Particulars	Amount (R.s.)
Selling price per unit	20
Direct material per unit	6
Direct labour per unit	4.50
Other variable overhead per unit	3.50
Fixed overheads	1,60,000
Fixed office overheads	2,15,000

Calculate:

- P/V Ratio
- Break Even sales
- Sales to earn a profit of R.s. 2,25,000.
- New break- even point if total fixed overheads are increased by 15%.

- Q4(q)** From the following particulars calculate: (7)

- Material cost variance
- Material price variance
- Material usage variance

	Standard	Actual
Material	1000 k.g.	900 k.g.
Price	R.s. 12 per kg	R.s. 16 per kg

(TURN OVER

Q5(a) What are the advantages and disadvantages of process costing? (8)

Q5(b) Distinguish between marginal costing and standard costing. (7)

OR

Q5 Write short notes (any three) (15)

- i- P.V.Ratio.
- ii- Margin of safety.
- iii- Direct expenses.
- iv- Need for reconciliation.
- v- Features of standard costing.

Q.P. Code :22492

[Time: 2:30]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Figures to the right indicate full marks.

A) Fill in the blanks by choosing appropriate option. (any 8)

08

- i) _____ is where the investor withdraw a fixed amount of money periodically.
 - a) Systematic Investment Plan
 - b) Systematic Transfer Plan
 - c) Systematic Withdrawal Plan
- ii) _____ is value of an Investment/Financial assets recorded in the books of accounts.
 - a) Books Value
 - b) Investment Value
 - c) Fair Value
- iii) _____ attracts foreign capital for investment in the country of the issuing company.
 - a) Domestic Funds
 - b) Offshore Funds
 - c) P/E funds
- iv) All mutual fund schemes, it is mandatory to value their investments and compute the value of each unit of investment commonly known as _____.
 - a) Liquidation Value
 - b) Going Concern Value
 - c) Net Asset Value
- v) _____ is a process whereby an investor's holding of investments in physical form, is converted into a digital record.
 - a) Dematerialization
 - b) Application Supported by Blocked Amount
 - c) Systematic Investment Plan
- vi) _____ investment improves the risk-return profile of the portfolio.
 - a) Average cost
 - b) Diversified
 - c) Professional management

Q.P. Code :22492

- vii) The _____ is responsible for selecting portfolio investment in accordance with the objectives and policies set forth in the fund's prospectus.
- Transfer agent
 - Custodian
 - Investment advisor
- viii) The _____ carries out the business of the mutual fund.
- Assets Management Company
 - SEBI
 - Trustees
- ix) Mutual Funds are governed by _____.
- SEBI
 - AMFI
 - RBI
- x) _____ investment is mainly in equity stocks of companies, which are expected to do better than the market.
- Mid-cap Fund
 - Growth Fund
 - Value Fund
- B) State whether the following statement are true or false: (Any seven)
- In a Systematic Transfer Plan, the amount which is withdrawn from a scheme are invested in some other scheme of the same mutual fund.
 - Entry load is primarily levied to cover up selling and distribution expenses of the scheme.
 - Risk profiling is an approach to understanding the risk appetite of investor, an essential prerequisite to advice investors on their investments.
 - 50% of the unit holders jointly can terminate appointment of AMC.
 - To send their products across the length and breadth of the country, mutual funds take the services of share brokers.
 - The money pooled by the mutual fund is not managed by professional.
 - Mutual funds generally offers a number of schemes to suit the requirements of the investor.
 - The trustees are not accountable for the funds and property of the respective schemes.

07

Q.P. Code :22492

9) Foreign institution can directly invest in mutual fund market.

10) Equity Funds are those that invest in debentures of the companies that are listed on the stock exchanges.

A) What is Mutual Fund? Explain the advantages and disadvantages of mutual funds in India? 15

OR

B) What are the classification of mutual fund in India? 15

A) Explain the role of AMFI. 08

B) Write a short note on Systematic Withdrawal plan. 07

OR

C) What are the factors affecting investment decision? 08

D) What is Mutual Fund rating and ranking? Explain its and importance. 07

A) Calculate closing NAV assuming sales and purchases NAV to be Rs. 20.00. 08

Opening NAV	= Rs. 12.5
Outstanding	= 40,500
Appreciation in portfolio	= Rs. 8,000
Units subscribed	= 2000 Units
Units Sold/redeemed	= 1000 Units
Dividend	= Rs. 500
Expenses	= Rs. 700

B) Following information is available in respect of a mutual fund: 07

Cash & Bank Balance	Rs. 6,50,000
Bonds & Debentures	Rs. 8,00,000
Equity Shares	Rs. 13,50,000
Govt. Securities	Rs. 11,05,000
Expenses accrued	Rs. 50,000
No. of units outstanding	3,00,000

Find out NAV per unit.

Q.P. Code :22492

OR

C) Calculate the NAV of ABC mutual fund with the following Information:

08

1.	Number of units outstanding	60,000
2.	Market value of investment in stocks	15,00,000
3.	Market value of investment in government securities	9,00,000
4.	Other assets of the fund	1,50,000
5.	Total liabilities and payable	75,500

D) The unit of 'XYZ' scheme of a mutual fund is Rs. 10. Public offer is made for Rs.10.204 and redemption price is Rs. 9.80

07

Calculate : a) Entry Load b) Exit Load

Q.5 A) Explain the steps to be followed by an investor while investing in mutual funds.

08

B) Explain the term Risk Profiling and its importance in financial planning?

07

OR

Write short note on. (any 3)

- Rolling returns
- Grievance mechanism
- Demat Account
- Benchmarking
- Know Your Customer (KYC)

15

Q.P. Code: 22378

TIME – 2½ hours

Marks – 75

Note:

- All Questions are Compulsory
- Use of Simple Calculators is permissible
- Total Marks are indicated at the Right hand side of the page

Q.1. a) Choose the correct options from the question and rewrite the statement:**(Attempt any 8 out of 10)****(8M)**

- Insurance is _____ service.
 - Financial
 - Non Financial
 - Technical
- BSE is _____ stock exchange.
 - State
 - Central
 - None of the above
- Give the full form of NSE.
 - Nominal Stock Exchange
 - National Stock Exchange
 - Nation's Stock Exchange
- _____ refers to quantifying and uncovering risk.
 - Risk Identification
 - Risk Assurance
 - Risk Mitigation
- _____ risk affects organisation due to change in Legislation and Law
 - Legal
 - Market
 - Interest
- _____ means compulsory contribution towards government from Net Income.
 - Tax
 - Discount
 - Risk

Q.P. Code: 22378

7. Voting rights are offered with _____.

- a. Equity Shares
- b. Commercial papers
- c. Debentures

8. ETF Stands for _____.

- a. Exchange Traded Funds
- b. External Trading Forum
- c. Expenses Trading Funds

9. Forex means _____.

- a. Foreign Investment
- b. Foreign Exchange
- c. Fixed Exchange

10. _____ are the risk free investment

- a. Bonds
- b. Unsecured loans
- c. Equity Shares

Q.1. b. State whether the following statements are True or False:**(Attempt any 7/ 10)****(7M)**

1. Investment in equity shares gives fixed return.
2. SCRA has power to delist securities from stock exchange.
3. SIPs are provided by Mutual Fund schemes.
4. Convertible and Non-Convertible are types of Bond.
5. Derivatives are contracts, which derived from underlying assets.
6. Legal risk refers to the risk of Exchange currency.
7. Penny stocks are stock with small market price compared to blue chip stock.
8. Customers are part of company's stakeholders.
9. Risk Assurance service is an Independent professional Service, provided by Risk Managers.
10. Compliance procedure is mandatory to follow by every corporate.

Q.2. a) What do mean by SCRA. What are its important functions? (8M)**Q.2. b) What are the essential requirements for Recognition of Stock Exchanges. (7M)****OR****Q.2. c) Explain the various types of Contract under SCRA. (8M)**

Q.P. Code: 22378

Q.2. d) Explain the Stock listing and delisting procedures for company in Stock Exchange. (7M)

Q.3.a) Define Corporate Governance. Explain the various sources of corporate governance. (8M)

Q.3. b) Explain the concept of Risk. What do you understand by: (7M)

a. Unsystematic risk

b. Foreign Exchange Risk

OR

Q.3. c) Explain the concept of Risk. Describe Risk-Return relationship. (8M)

Q.3. d) Explain in detail the Three Lines of Defence. (7M)

Q.4. a) What do you mean by Investments? Explain the various forms of Investments. (8M)

Q.4. b) Calculate the value of a share of Rs. 10 face value on (i) yield on capital employed basis and (ii) Dividend basis. The market expectation is 13%. (7M)

Year	Capital Employed (Rs. In Lakhs)	Profit (Rs. In Lakhs)	Dividend (%)	Weights
2010	14	2.10	11	1
2011	17	4.15	14	2
2012	22	5.13	18	3
2013	32	7.90	21	4

Use weighted average yield and weighted average dividend to calculate the value per share.

OR

Q.4. c) What do you understand by the term 'Investment Avenues'? What are the various types of Investment Avenues? Explain in detail Investment in Real Assets, its Advantages and Disadvantages. (8M)

Q.4. d) Company issues 15% Debentures having face value of Rs.100 each at a price of Rs.110 for 5 years. Company redeem the Debentures at 5th year on premium of Rs.5. Calculate NPV of Debenture and offer advice to investor whether to invest or not? (PVF@ 10%) (7M)

Q.P. Code: 22378

Q.5. a) What are the essentials of sound investment?

(8M)

Q.5. b) What is Financial Literacy? Explain its requirements.

(7M)

OR

Q.5. c) Write Short Notes on: (Any 3 out of 5)

(15M)

1. Stock Exchange
2. Market risk
3. Bullions as Investments
4. Fixed Deposits
5. Banks products

NOTE :

- i. All questions are compulsory.
- ii. Figures to the right indicate full marks.
- iii. Draw neat and clean diagram whenever necessary.

8 Marks

Q1. Choose correct alternatives. (Any 8)

1. The information of MIS comes from the
 - a) Internal source
 - b) External source
 - c) Both internal and external source
 - d) None of the above
2. By default, on which page the header or the footer is printed?
 - a) on first page
 - b) on alternate page
 - c) on every page
 - d) none of the above
3. EFT stands for
 - a) Easy Fund Transfer
 - b) Equality Fund Transfer
 - c) Electronic Fund Transfer
 - d) Electronic Fund Translator
4. Which type of e-commerce focuses on consumers dealing with each other?
 - a) B2B
 - b) B2C
 - c) C2B
 - d) C2C
5. The macro option appears in
 - a) Insert tab
 - b) View tab
 - c) Home tab
 - d) Data tab
6. Which of the following option does not appear in the Pivot table pane?
 - a) Column labels
 - b) Values area
 - c) Report filter
 - d) Cell
7. Choose the correct syntax for HLOOKUP
 - a) =VLOOKUP(lookup_value,table_array,col_index_num,range_lookup)
 - b) =HLOOKUP(lookup_value,table_array,col_index_num,range_lookup)
 - c) =HLOOKUP(lookup_value,table_array,row_index_num,range_lookup)
 - d) None of the above
8. You can activate a cell in MS Excel by
 - a) Pressing the Tab key
 - b) Clicking the cell
 - c) Pressing an arrow key
 - d) All of above
9. Which is not a function of E-commerce?
 - a) marketing
 - b) advertising
 - c) warehousing
 - d) none of the above
10. Which of the following is not an example of an e-payment?
 - a) Smart cards
 - b) Cash
 - c) Digital checks
 - d) Electronic billing

1.B State whether the following statements are True or False (Any 7)

7 Marks

1. In absolute cell references, do not change row or column number when you copy the formula.
2. Count function returns a number rounded to a specified number of digits.
3. A function must not contain another function in its argument.
4. Debit cards are plastic cards the size of a credit card that contains an embedded chip on which digital information can be stored.
5. A combination of software and information designed to provide security and information for payment is called a digital wallet.
6. JIT manufacturing stands for Just In Time Manufacturing.
7. Benchmark represents a system's ability to change quickly.

8. Mondex and Visa Cash cards are examples of smart cards.
9. Full form of CRM is Customer Relationship Management
10. Ctrl+S is the shortcut key to save a Document in MS Excel
- Q2. A.** What are the Market forces influencing the I-Way.

8 Marks

B. Explain the Pillars of E-commerce framework.

7 Marks

OR

Q2. What is E-commerce and Media Convergence? Explain the various types of Convergence?

15 Marks

Q3. A. Explain B2B, B2C, and C2C E-commerce.

8 Marks

B. Explain in brief Management Effectiveness and MIS

7 Marks

OR

Q3. Explain the various network devices.

15 Marks

Q4. A. Explain the concept of Customer Relationship Management?

8 Marks

B. What are the Emerging trends of ERP?

7 Marks

OR

Q4. What is the use of Mail Merge tools? Write the Steps for using mail merge.

15 Marks

Q5. A. What is bookmark in MS Word? Write steps to create a bookmark.

8 Marks

B. Explain the following MS Excel functions with its syntax.

7 Marks

- a) NOW()
- b) MAX()
- c) COUNT()
- d) VLOOKUP()
- e) IF()
- f) AVERAGE()
- g) SUMIF()

OR

Q5. Write Short Notes (Any 3)

15 Marks

- 1. SSL
- 2. Electronic Cheque
- 3. URL
- 4. SET Protocol
- 5. Viruses

Time 2.30 hours

Marks 75

Note: 1) All questions are compulsory, Subject to internal choice.

2) Figures to the right indicate full marks.

Q1 A) Fill in the blanks and rewrite the statements by choosing the correct option (any 8) (8)

1. _____ objective is to maximize wealth by investing in speculative stocks. (money making, short term, long term)
2. Asset _____ means setting of the asset mix (speculation, revision, allocation)
3. _____ investors do not follow the index and make their own investment decisions. (passive, active, regular)
4. _____ investors are risk takers (speculators, hedgers, arbitragers)
5. _____ risk can be managed and controlled by the company. (systematic, unsystematic, market)
6. _____ is the last step in portfolio management (evaluation, selection, revision)
7. Process of combining securities in a portfolio is known as _____ (simplification, diversification, reduction)
8. Standard deviation and variance are statistical measures used to measure _____ in investment. (risk, return, volatility)
9. _____ indicates the way securities returns vary with each other and compares with overall risk of portfolio. (correlation coefficient, Covariance, Beta)
10. _____ investment means increase in building, equipment, inventory of the society. (economic, financial, tax saving)

Q1 B) Match the following and rewrite. (any 7)

(7)

Column A	Column B
1. Portfolio	a) Fluctuating returns
2. Equity	b) Easy Convertibility to cash
3. PPF	c) Predetermined rules
4. Arbitrageur	d) Considers δ as risk measure
5. Liquidity	e) Tax saving investment
6. Sharpe's	f) Portfolio revision
7. Passive revision	g) Maximum return, minimum risk
8. Adjusting of portfolio	h) Riskless profits
9. Optimal portfolio	i) Diversification of risk
10. Modern portfolio theory	j) Markowitz

Q.P. Code: 23529

- Q2 A) What is investment? What are the types of investors? (7)
- B) Explain the evolution of portfolio management. (8)

OR

- Q2 P) What are the steps in portfolio management? (8)
- Q) What are the factors conducive for investment in India? (7)

- Q3 A) Calculate Beta of the following security. (7)

Year	Returns on LMN %	Returns on Market %
1	10	12
2	12	11
3	15	14
4	10	12
5	08	11

- B) Find out the risk and return for X & Y. (8)

Situation	Probability	Return of X (%)	Return of Y (%)
Recession	0.10	5	0
Stagnation	0.30	10	8
Normal	0.50	15	18
Boom	0.10	20	26

OR

- Q3 P) Calculate portfolio risk and return. (7)

Securities	Return	Standard deviation	Proportion
A	15	0.15	40
B	9	0.14	60

 $r = -0.5$

- Q) Explain the single index and multi index model with respect to modern portfolio theory. (8)

Q.P. Code: 23529

Q4 A) Explain the concept of Portfolio evaluation. What is the need to evaluate the portfolio? (8)

B) What are the strategies of portfolio revision? (7)

OR

Q4 P) The details of three portfolios are given below. Compare these portfolios on performance using the sharpe's, treynor's and Jensen's measures. Comment and rank them according to the performance.

Portfolio	Average return (%)	Std. deviation	Beta
A	17.10	0.281	1.20
B	14.50	0.197	1.92
C	13.00	0.228	1.04
Market	11.00	0.205	1.00

The risk free rate of return is 8.6%.

(15)

Q5 A) A bond of Rs. 1000 face value carries a coupon rate of 14% and is redeemable after 6 years at a premium of 5%. If the required rate of return is 15%, what is the present value of the bond? The current market price of the bond is Rs. 950. Advise the investor whether the bond should be purchased or not. (7)

B) A bond of Rs. 1000 has a coupon rate of 7.5 % p.a. and maturity period is 20 years. The bond is currently selling at Rs. 1060. What is the yield to maturity in investment of this bond? (8)

OR

Q5 P) Write short notes on (any 3) (15)

- Bond duration
- Formula plans
- Speculation v/s investment
- Optimal portfolio
- Need for portfolio revision

Q. P. Code : 22534

(2½ Hours)

(Total Marks : 75)

- N.B. : 1) All questions are compulsory, subject to internal choice.
2) Each question carries 15 marks.

1. A) State whether True or False (any 8) :

(8)

1. Risk and return always goes hand in hand.
2. Net present value, profitability index, payback and discounted payback are methods to evaluate projects
3. Capital budgeting decisions are long term decisions.
4. WACC is always calculated with reference to book value of different sources of funds.
5. Continuous compounding occurs when interest is compounding daily.
6. In simple interest, interest for each year is same.
7. In present value tables, all values are less than 1.
8. Walters model supports the view that dividend is relevant for value of the firm.
9. Payback method always gives same results compared to NPV method.
10. Different sources have same cost of capital.

1. B) Match the Column (attempt any 7) :

(7)

Sr.no	Column A	Sr.no	Column B
1	EVA	A	Opportunity cost of capital
2	EPS	B	Sales
3	ROI	C	Debt Plus Equity
4	Equity Capital	D	Tax benefit on interest
5	Turnover	E	Paying dividend at fixed rate of percentage.
6	Capital structure	F	Economic Value added
7	Debt	G	Earning per share
8	Modigliani and Millers Theory	H	Return on investment
9	Capital Gearing Ratio	I	Irrelevant theory of capital structure
10	Preference Share capital	J	Capital Bearing Risk and Capital not bearing risk

TURN OVER

2. a) Define Corporate Finance. What are the features of corporate finance? (8)
b) What are the sources of long term finance? (7)

OR

2. What are the objectives of Financial Management (15)
3. Vimal and Co. comprises of 5 divisions A,B,C,D & E. Compute & tabulate both a) Return on assets and b) EVA on the basis of the following information(RS. In lakh) and comment on divisional performance.

Division	Profit	Fixed Asset	Current Asset
A	600	1600	320
B	440	800	3200
C	200	1200	2000
D	220	800	1600
E	360	400	1600

Financial controller feels rates on current assets and fixed assets should be 6% and 11% respectively. (15)

OR

3. a) A GOI Bond of Rs. 1,00,000 each has a coupon rate of 6% p.a and maturity period of 18 years. If the current market price is Rs. 1,01,800, find YTM. (8)
b) Treasury bonds carry 7% interest. Beta factor for the company may be taken at 1.15. The long run market rate of return may be taken at 15.5%. Calculate cost of equity using CAPM. (7)
4. Shailesh Company LTD. has invested in a machine at cost of Rs. 10,00,000. Estimated life 5 years, tax rate 50%, Depreciation on SLM.

Year	Profit before depreciation
1	4,00,000
2	600000
3	400000
4	500000
5	450000

Calculate Payback Period, Payback reciprocal and Average rate of return. (15)

OR

TURN OVER

Q. P. Code : 22534

3

4. A company is considering two mutually exclusive projects. Estimated life 5 years and cost of capital is 8%. The initial cost outlay of X is Rs. 40,00,000 and Y is Rs. 45,00,000. The future cash inflows from both projects are as under :

Year	Project X	Project Y	PV Factor @ 8%
1	700000	23,00,000	0.926
2	1600000	120000	0.857
3	1800000	800000	0.794
4	1500000	2800000	0.735
5	400000	260000	0.681

You are required to evaluate the project Using NPV method and also find out Profitability Index.

(15)

5. a) Manav Ltd. has the following capital structure.

Particulars	Amount	After tax cost
Equity Share Capital	20,00,000	15%
Retained Earnings	15,00,000	14.5%
Preference Shares	5,00,000	10%
Debentures	10,00,000	6%

Compute the weighted average cost of capital using book values as weights.

(8)

- b) Calculate market price of share as per Walter Model

(7)

Internal rate of return	15%
Cost of capital	12%
Dividend per share	Rs 6
Earnings per share	Rs. 10

5. Short notes on (any 3) :

(15)

- 1) Cost of Capital
- 2) IRR
- 3) Term loans
- 4) Features of capital Expenditure decision
- 5) Determinants of Dividend policy.

Q.P. Code :22488

[Time: 2 ½ Hours]

[Marks:75]

Please check whether you have got the right question paper.

N.B: 1. All questions are compulsory.

08

Q.1 A. Fill in the blanks: (any 08)

1. ----- is a document evidencing a debt or acknowledging it & any document which fulfills either of these conditions.
 - a) Preference shares
 - b) Debentures
 - c) Equity shares
2. IOSCO stands for ----
 - a) International organization of securities commission
 - b) Indian organization of stock commission
 - c) Indian organization of securities commission
3. ----- shall be defined as selling a stock which the seller does not own at the time of the trade.
 - a) Broad selling
 - b) Short selling
 - c) Unique selling
4. ----- is the instrument issued by companies only & can be obtained in primary or secondary market.
 - a) Equities
 - b) Debentures
 - c) hybrid
5. PFRDA stands for -----
 - a) Pension fund regulatory & development authority
 - b) Primary fund research & development authority
 - c) Pure fund regulatory & development authority
6. ----- refers to the time period when a company will not handle adjustment to the register or transfer shares.
 - a) Record date
 - b) Adjustment date
 - c) Book closure
7. Securities market is divided into ----- & secondary market.
 - a) Primary
 - b) Money
 - c) Capital

Q.P. Code :22488

8. DMA stands for -----
 - a) Double market access
 - b) Direct memory access
 - c) Direct market access
 9. When the stock movement is upward, the trend is called -----
 - a) Bearish
 - b) Upselling
 - c) Bullish
 10. SEBI stands for -----
 - a) Securities Exchange Board of India
 - b) Stock Exchange board of India
 - c) Security exchange board of India
- B. True or false. (any 07)
1. NSE was founded in 1994.
 2. Sensex is oldest market index for equities in India.
 3. SEBI became independent body in 1992
 4. Delivery trading is very secure trading
 5. There are three types of trend uptrend, downtrend, and horizontal trends.
 6. A quick turnover rate generates commissions for trades placed by broker.
 7. In short selling, the shares are owned by seller.
 8. Forward market commission India is a non-statutory body.
 9. Company issue depository receipts to raise capital.
 10. Interrupted supply of securities is one of the functions of SEBI.

Q.2

- a) State the features of developed capital market.
 - b) Write note on authorities governing capital market in India.
- OR**
- a) Write brief about difference instruments present in capital market.
 - b) Securities market reforms & regulatory measures in capital market.

Q.P. Code :22488

- Q.3** a) Write in brief trading mechanism of capital market. 08
 b) Write a note on Margins & Margin trading. 07
OR
- a) Write note on trend lines. 08
 b) State framework for securities lending & borrowing. 07
- Q.4** a) Write note on listing of scheme & winding up of scheme. 07
 b) Write note in (collective investment schemes) how SEBI appoints (Eligibility) trustees & their obligations. 08
OR
- a) Procedure for launching scheme (CIMC) in SEBI. 08
 b) What is collective investment scheme? Along with note on application fee & furnishing of the information? 07
- Q.5** a) Write a note on pricing of securities. 08
 b) What is depository receipt? Why do company issue depository receipt. 07
OR
- Write short notes on: (any 3) 15
- IOSCO
 - Sweat equity
 - Turnover & outstanding position
 - DMA
 - Two way fungibility
