

Question Paper Set of

T.Y.B.F.M. – Sem-V

Regular Exam

University of Mumbai

November, 2019

Time:- 2.30

Marks 75

Q.1 A) State Whether the following are True or False (Any Eight)

(08)

1. Value and price are same.
2. Shareholders provide capital to business.
3. Goodwill is a tangible asset.
4. Brand is not product's name.
5. Trademark is an intellectual property.
6. Depletion means depreciation of Natural Resources.
7. Land is not depreciated in its ordinary circumstances.
8. Non Trading Income included in profit should be eliminated.
9. Intangible assets are not physical in nature.
10. Yield value depends on net Profit.

B) Match the column (Any Seven)

(07)

A	B
1. Building	a. Excess of Actual Profit
2. Value	b. Property
3. Super Profit	c. Net Asset Value
4. Patent	d. Utility
5. NAV	e. Tangible
6. Price	f. Intangible
7. Copy Right	g. Future Maintainable Profit
8. Goodwill	h. Symbol
9. FMP	i. Music
10. Trade Mark	k. Exchange Value

Q.2 A) Discuss various principals of valuation.

(15)

OR

B) Distinguish Between Value and Price.

(08)

C) Explain the various purpose of valuation.

(07)

Q.3 A) What do you mean by Discounted Cash Flow? State the advantages of DCF.

(08)

B) Find the Net Present Value of the Following cash inflow and also state whether the investment is worthwhile, when cash outflow is Rs. 30,000 /- and cost of capital is 10%

(07)

Year	Cash Inflows (Rs)
1	10,000
2	8,000
3	12,000
4	15,000
5	6,000

OR

Q.3 C) Discuss the Yield Method of Share valuation. (08)

D) Find the Net Present Value for the following when cash outflow is 50,000 and cost of capital is 12% (07)

Year	Cash Inflows (Rs)
1	22,000
2	12,000
3	10,000
4	8,000
5	5,000

Q. 4 A) From the following information, compute the value of an equity shares of Pritam Ltd. (15)
On Net Asset Method, Yield Method, Fair Value Method.

Balance Sheet as on 31/12/2016

Liabilities	Amount (Rs)	Assets	Amount(Rs)
Share capital		Land	2,20,000
600, 10% Preference share of Rs. 100 Each	60,000	Plant	2,40,000
500 Equity shares of Rs.100 Each.	5,00,000	Stock	1,20,000
Reserves	2,00,000	Sundry Debtor	50,000
Secured loan		Cash in bank	1,00,000
600, 9% Debentures of Rs100 Each.	60,000	Cash in Hand	60,000
Sundry Creditors	60,000	Investment in 10% Govt. securities	60,000
		Preliminary Expenses.	30,000
	8,80,000		8,80,000

- On 31/12/2016, goodwill was valued at Rs. 3,00,000.
- The Average Net Profit earned is Rs. 1,50,000.
- 10% of profit earned, transferred to Reserves every year.
- A return of 10% on the investment is considered fair in the industry.

OR

Q.4 B) Mr. Amar Intends to invest Rs. 50,000 /- in equity shares in a limited company. (15)
Following are the informations. Calculate Goodwill -

Particulars	Rs.
6% Preference shares of Rs. 10 each	4,00,000
Equity shares Of Rs. 10	2,00,000
Total	6,00,000

- Average net profit is Rs. 70,000
- Expected Normal yield is 8% incase of equity.
- Total Tangible assets are Rs. 9,00,000 and total outstanding liabilities are Rs. 1,00,000
- Goodwill is value at 5 Years purchase of super profit.
- Consider closing employed as average capital employed.

Q.5 A) What is Patent? Explain the types and benefit of Patent in detail. (15)

OR

Q.5 B) Short Notes (Any Three) (15)

1. Relative Valuation
2. Self Constructed Fixed Assets
3. Types of Goodwill Valuation
4. Copyrights
5. Brands

Duration : 2.5 Hours

Marks : 75

Note: 1) All questions are compulsory.

2. Figures to the right indicate marks.

Q1. A. Match the following: (Any 8)

8M

Column A		Column B	
1	Backwardation	a	Negative Cost
2	LEAPS	b	Spot Price greater than future price
3	Interest and dividend	c	Options with a maturity upto 1 year
4	Underpriced Futures	d	Rs. 0.05
5	Future Payoffs	e	Illiquid
6	Forwards	f	Measures sensitiveness to volatility of underlying
7	Price Steps	g	Reverse Cash & Carry Arbitrage
8	Option Seller	h	Similar underlying not available
9	Vega	i	Profit Limited to Premium
10	Cross hedge	j	Linear

B. State whether True or False: (Any 7)

7M

1. There are three derivatives contract running in the F&O segment at any given time.
2. An American Option can be exercised on any day upto expiry.
3. Intrinsic Value of an Option is either positive or zero.
4. Options have non linear payoffs.
5. NSCCL has empanelled 13 clearing banks for handling the clearing function.
6. A perfect hedge is when loss from one position is offset by gains from the other position.
7. In a calendar spread, all options have different expiration dates but same strike prices.
8. Future contracts are marked to market on a daily basis.
9. A long Butterfly is a neutral strategy for a range bound market.
10. The Greek alphabet theta measures the time decay of an option.

Q2. A. What derivatives? Explain its characteristics.

8M

B. Explain the different types of derivatives.

7M

OR

Q2. C. Who are the different participants in the derivatives market?

8M

D. What are the requirements of a successful derivatives market?

7M

Q3. A. An investor undertook the following positions in the F&O segment

On 1st October 2019 expiring on 27th December 2019

8M

- Long 7 ICICI Bank Futures at Rs. 750 per share. Lot size = 1000 shares
- Short 8 Infosys Ltd. Futures at Rs. 796 per share. Lot size = 2500 shares

On 29th December 2019 (expiry) ICICI Bank closed at Rs. 791 while Infosys Ltd
Closed at Rs. 600. Calculate the overall gain/loss from the given positions.

B. Explain the Reverse Cash and Carry Arbitrage strategy in futures.

7M

OR

Q3. C. Mr. A has a long position in a two month November futures contract of Reliance Industries Ltd with a lot size of 1500 shares trading at Rs. 1210/-

Show the payoff with a diagram for the following range of spot prices in September:

- a) Rs. 1100
- b) Rs. 1210
- c) Rs. 1310

8M

D. Explain the features of futures.

7M

Q4. A. Mr. Jamie Lannister buys a 2 month December 2019 put option on S&P CNX NIFTY 50 at an exercise price of 11,590. After 2 months S&P CNX NIFTY closes at 11,300. He had bought 5 such contracts each with a lot size of 75. Calculate his payoff and show the payoff diagram for the same.

8M

B. Today, on 15th November 2019, Bata India, is trading at Rs. 1650. Miss Arya is contemplating buying an option expiring on 27th December 2018. From the data given below, calculate Intrinsic Value, Time Value and Moneyness of the following options.

7M

Sr. No.	Call Strike Price	Call Premium	Put Strike	Put Premium
1	1590	175	1730	185
2	1650	150	1650	160
3	1720	20	1535	25

OR

Q4. C. A share of Bajaj Auto is trading at Rs. 700. The analysts expect that there will either be a 25% upswing or 20% downswing in two future periods. The Exercise Price of a call option is Rs. 790. The risk free interest rate is 8%. Find the price of this option using Multi Period Binomial Model.

8M

D. Explain the various factors affecting option premium.

7M

Q5. A. Explain the following terms:

8M

- a. SPAN
- b. Unsystematic Risk
- c. Clearing Members
- d. Final exercise settlement of options

B. Explain the settlement of Futures.

7M

OR

Q5. Write Short Notes on: (Any three)

15M

- 1. Cost of Carry Model in Futures Pricing
- 2. Short Straddle Option Strategy
- 3. Option Spreads
- 4. Options Greeks - Delta and Gamma
- 5. Features of Forwards

Duration: 2.5 hrs

Total Marks : 75

NB 1. All questions are compulsory subject to internal choice

2. Figures to the right indicate maximum marks

Q1 A) Match the columns. (Answer any 8)

(08)

Column A	Column
1. Corporate governance	A. Decision making problem which requires choice between incompatible rules
2. Organizational climate	B. Set of conventional expectations that are binding on a group
3. Ethical dilemma	C. Enable employees to deal with ethical problems
4. Integrity pact	D. Shareholders main rights
5. Code of ethics	E. Banks, insurance funds
6. Ethics training	F. Moral work atmosphere in an organization
7. Right to vote	G. Regulates functioning of capital market
8. Institutional investors	H. The system by which companies are owned and controlled
9. NFCG	I. Anti-corruption tool
10. SEBI	J. Promotion of better governance in India

Q1 B) Say whether True or False (answer any 7)

(07)

1. Ethics and law are one and the same
2. Integrity pact is a treaty between India and United nations for ethical solutions
3. All stakeholders have voting rights
4. Ethics training is compulsory as per Companies Act 2013
5. The headquarters of NFCG is in New York, USA
6. Code of conduct gives framework for ethical policies
7. Related party transactions are not prohibited as per SEBI
8. Organisational climate refers to the moral atmosphere within an organisation
9. Business ethics is application of ethical values to business
10. Board of directors are appointed by shareholders.

Q2 A) Explain the scope of business ethics.

(08)

Q2 B) What are the advantages of business ethics?

(07)

OR

Q2 P) Explain the primary duties of board of directors.

(08)

Q2 Q) Who is an Independent director? Explain the composition of independent director in board of directors.

(07)

Q3 A) Define corporate governance. What are the advantages of corporate governance?

(08)

Q3 B) What are the challenges to good corporate governance in India?

(07)

OR

Q3 P) Explain the evolution of corporate governance in India

(08)

Q3 Q) What are the various committees set up in companies for ensuring good corporate governance?

(07)

Q4 A) Write a note on corporate governance and related party transactions. (08)

Q4 B) What are the challenges of exercising shareholders rights? (07)

OR

Q4 P) Explain the objectives of National Foundation for Corporate governance. (08)

Q4 Q) Explain the role played by institutional investors in financial markets. (07)

Q5 A) Explain the role of SEBI in investor protection in India (08)

Q5 B) What are the various disclosure norms as per clause 49 of listing agreement? (07)

OR

Q5 C) Write short notes on (any three) (15)

1. Ethics management committee
2. Integrity pact
3. Global corporate governance forum
4. Audit committee
5. Organizational climate

(2½ Hours)

(Total Marks : 75)

- N.B.** 1) All question are compulsory
2) Figures to the right indicate marks.

Q1 A) Fill in the blanks (Any 8 out of 10)

(8)

- A When insurer passes some part of or all risks to another insurer it is called _____
(Reinsurance , Mortgage, Merchant Banking)
- B Providers of services make up the _____ sector of the economy.(Primary, Secondary, Tertiary)
- C Customers don't obtain the _____ of services(Transfer, Ownership, Consumption)
- D _____ is the key tool in service designing .(Encounter, Blue print, Recovery)
- E _____ is the stage of the product life cycle where there is intense competition.
(Growth , Maturity, Decline)
- F _____ positioning is based on a single feature of service.(Attribute, Benefit ,Competitor)
- G _____ is the fast growth strategy when resources are limited .(Promotion, Personal selling, Franchising)
- H Advertisements that intent to elicit an immediate sale are known as _____ (Free samples, Direct response , Coupon)
- I _____ is one of the new trends in marketing .(Promotion, Personalization, Privatization)
- J All types of _____ bring about negative experience.(Service argument ,Service failures, Service mishandling)

Q.1.B State whether the statement is TRUE or FALSE (Any 7)

(7)

- A Service delivery is prone to consistency.
- B Services can be deeds, performances, activities and experiences.
- C Retail financial services include venture capital and seed capital.
- D Business promotion is targeted at intermediaries and channel partners.
- E Relationship marketing focuses on customer satisfaction.
- F People define a service.
- G Buy -1 Get-1 free is an example of advertising.
- H Technology is responsible for higher level of service.
- I Internal marketing is a regular process.
- J Service culture is build on elements of leadership principles.

Q.2.A Describe the characteristics of services. (8)

B Explain classification of services. (7)

OR

C Explain the factors responsible for the growth of services. (8)

D Describe Retail Financial Services. (7)

Q.3.A Explain the basis of Market Segmentation. (8)

B Explain the main tools of Promotion in services. (7)

OR

C Explain in detail about service environment. (8)

D Describe about Customer Relationship Management and its types. (7)

Q.4.A Explain 7 P's of Marketing Mix. (10)

B Describe Service Mapping. (5)

OR

C Explain distribution strategies of services. (8)

D Explain about Personal Selling in services. (7)

Q.5 A Describe Service encounters. (8)

B Explain service Failures and Recovery. (7)

OR

C Write short notes on any **THREE** from the following: (15)

- 1) Service Blue print
 - 2) Internal marketing
 - 3) Role of IT in service marketing
 - 4) Ethics in service marketing
 - 5) Positioning
-

Duration: 2 ½ Hours

Total marks: 75

Instructions:

All questions are compulsory.

Figures to right indicate full marks.

Q.1 A) Match the following (attempt any 8)

(08)

Column A		Column B	
1	Upper Shadow	A	Three candle pattern
2	Point and figure chart	B	Follows the trend
3	Inverted hammer	C	Three different peaks
4	3 black soldiers	D	One candle pattern
5	Head and Shoulder	E	Principle of Dow theory
6	Leading Indicator	F	X and O's
7	Lagging Indicator	G	Technique of day trading
8	Volume must confirm trend	H	Price extreme on the higher side of the candle
9	Elliot wave theory trends	I	Predicts price action before its happens
10	Range trading	J	Dominant Wave and corrective waves

B) State the following statements are true or false (attempt any 7)

(07)

1. Bar chart represents all 4 sets of prices- high, close, open and low prices
2. Technical analysis is not universally accepted.
3. Hammer is a one candle pattern that occurs in down trend.
4. Breakaway gaps are also called as Runaway gaps.
5. There are two types of moving averages simple and exponential.
6. Divergence can be of price action
7. Corrective wave consists of 3 waves.
8. Never trade in borrowed money is one of the quality of successful trader.
9. Technical indicators broadly serve functions like to alert, to confirm and to predict.
10. Day trading is speculation in securities, specifically buying and selling financial instruments within the same trading day.

- Q.2** A. What is meant by Technical analysis? Explain its limitations. (08)
B. Explain Shooting star as a candlestick pattern. (07)

OR

- C. Explain 2 candle patterns in detail. (08)
D. Write a short note on Double top pattern. (07)

- Q.3** A. Explain Money Flow Index (MFI) (08)
B. Explain William %R (07)

OR

- C. Explain the first and second principles of Dow theory. (08)
D. Explain Bollinger Bands in detail. (07)

- Q.4** A. What are the risks associated with trading? (08)
B. Explain the do's and don'ts of trading. (07)

OR

- C. What is meant by common gap and Runaway Gap? (08)
D. How stop loss can be used? (07)

- Q.5** A. Explain the different types of charts used in Technical Analysis. (08)
B. Explain MACD in detail. (07)

OR

- Q.5** Write a short note on (any three) (15)
a. Assumptions of Technical Analysis
b. Characteristics of corrective waves in falling market
c. Stochastic Indicator
d. Support and Resistance
e. Advantages of Day trading

Duration: 2½ Hours

Marks: 75

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

Q1 (A) Fill in the blank with suitable option and rewrite the statement (Any Eight): (8)

1. In Profit prior to incorporation, the expenses pertaining to vendor should be allocated in _____ period
(a) Pre-incorporation (b) Post-incorporation (c) Both (a) and (b) (d) None
2. For computation of pre-incorporation profit, salary to director is _____
(a) Allocated in time ratio (c) treated as pre-incorporation expenditure
(b) Allocated in sales ratio (d) treated as post-incorporation expenditure
3. On amalgamation as a purchase of business assets and liabilities are transferred to the books of transferee company at _____
(a) Agreed Value (c) Market Value
(b) Book Value (d) Market or Book value whichever is less
4. In amalgamation, Loss on Realisation is debited to _____
(a) Equity Shareholders A/c (c) Preference Shareholders A/c
(b) Profit & Loss A/c (d) None of the above
5. Interest paid to vendor should be allocated in _____
(a) Specific Time period (c) Time Ratio
(b) Sales Ratio (d) None of the above
6. Under purchase method, excess of purchase consideration over the net assets taken over is accounted as _____
(a) Capital Reserve (c) Reserve Capital
(b) Securities premium (d) Goodwill
7. As per AS – 14 Purchase Consideration is payable to _____
(a) Shareholders (c) Shareholders and Debenture holders
(b) Shareholders and Creditors (d) None of the above
8. Share Capital A/c (Rs. 10) Dr.
To Share Capital A/c (Rs. 100)
The above entry is the entry of _____
(a) Surrender of Shares (c) Sub-division of Share Capital
(b) Amalgamation (d) Consolidation of Share Capital
9. Balance in Capital Reduction Account should be transferred to _____
(a) Capital Reserve (c) Profit & Loss A/c
(b) General Reserve (d) None of the above
10. Interest on Sinking Fund Investment is credited to _____ A/c
(a) Sinking Fund A/c (c) General Reserve A/c
(b) Profit & Loss A/c (d) Profit & Loss Appropriation A/c

Q1 (B) Match the following columns (Any Seven):

(7)

Column 'A'	Column 'B'
(1) Capital Redemption Reserve	(a) No reduction of capital
(2) Capital Reserve	(b) Purchasing Company
(3) Dividend Equalisation Reserve	(c) Contingent liability
(4) Arrears of preference dividend	(d) Divisible Profit
(5) Pre-incorporation loss	(e) Revenue Profit
(6) Interest on debentures	(f) Credit – Capital Reduction a/c
(7) Transferee Company	(g) Is not a divisible profit
(8) Sub-division of shares	(h) Goodwill
(9) Cancellation of surrendered shares	(i) Post-incorporation
(10) Post Incorporation Profit	(j) Issue of bonus shares

Q2. (A) The following balance was extracted from the ledger of ZEE Ltd.

(15)

Particulars	Rs.	Rs.
(1) 10% 10,000 Redeemable Preference Share Capital of Rs. 100 each	10,00,000	
Less: Calls unpaid at Rs. 25 per share	(5,000)	9,95,000
(2) Securities Premium A/c		1,40,000
(3) Development Rebate A/c		3,00,000
(4) General Reserve A/c		3,40,000
(5) Profit & Loss A/c		2,00,000

Additional Information:

- The directors forfeited the preference shares for non payment of calls after giving notice to the preference shareholders and thereafter redeemed the Preference Shares at a premium of 10%
- For that purpose of redemption, company made a fresh issue of equity shares of Rs. 10 each at a premium of 10% for such amount as was necessary, after taking into account the utilisation of available sources to the maximum extent. All the shares were subscribed and fully paid.

Pass journal entries recording the above transactions.

OR

Q2 (B) Bata Limited gave notice of its intention to redeem its outstanding Rs. 6,00,000 10% Debentures of Rs. 100 each at Rs. 103 per debenture and offered the holders the following three options:

(15)

- 10% Preference Shares of Rs. 20 each at Rs. 25 per share
- 9% Debentures at Rs. 100 (at par)
- To have their holdings redeemed at cash (Assume redemption is out of profits)

The holders of:

- Rs. 1,80,000 Debentures accepted option (a)
- Rs. 2,40,000 Debentures accepted option (b)
- Rs. 1,80,000 Debentures accepted option (c)

Pass necessary journal entries in the books of BATA Ltd. to record the above transactions.

Q3 (A) VASANT Ltd. was incorporated on 1st August, 2018 to take over the running business of M/s. Kedar Bros. a partnership firm, w.e.f. 1st April, 2018. The company received the certificate of commencement of business on 1st October, 2018. The following Profit and Loss A/c was prepared for the year ended 31st March, 2019.

(15)

Dr. Profit & Loss A/c for the year ended 31 st March, 2019				Cr.	
Expenses	Rs.	Income		Rs.	
To Office Expenses	71,400	By Gross Profit		1,60,000	
To Partner's Salaries	16,100	By Share Transfer Fees		2,000	
To Selling Expenses	24,800				
To Director's Fees	2,000				
To Debenture Interest	3,200				
To Interest on Partner's Capital	3,600				
To Bank Charges	900				
To Preliminary Expenses	2,000				
To Net Profit	38,000				
	1,62,000			1,62,000	

Additional Information:

Sales arose evenly up to date of certificate of commencement of business. Thereafter they recorded an increase of two-third of the average monthly sales.

Prepare Profit and Loss A/c for the year ended 31st March, 2019, in a columnar form showing the profit or loss during 'Pre' and 'Post' incorporation period separately.

OR

Q3. (B) Following is the Balance Sheet of SUN Ltd. as on 31st March, 2019:

(15)

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each	4,00,000	Goodwill	70,000
6% Preference shares of Rs. 10 each	3,00,000	Land & Building	4,00,000
8% Debentures	2,00,000	Plant & Machinery	1,10,000
Loans	50,000	Stock	80,000
Creditors	25,000	Sundry Debtors	55,000
		Cash & Bank	18,000
		Profit and Loss A/c	2,42,000
	9,75,000		9,75,000

The following Scheme of internal Reconstruction was sanctioned:

- The equity shares to be reduced to Rs. 2 per share fully paid
- The Preference shares to be reduced to Rs. 8 per share fully paid but the rate of dividend increased to 7%
- Stock to be valued at Rs. 50,000 and depreciation of Rs. 30,000 to be provided on Machinery.
- Write off debit balance in Profit & Loss A/c and Intangible Assets.

Pass journal entries to implement the above scheme and draw capital Reduction A/c

Q4 (A) Following is the summarised Balance Sheet of VISHAL Ltd. as on 31st March, 2019:

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs. 10 each	15,00,000	Intangible Assets	1,50,000
General Reserve	30,000	Fixed Assets	12,60,000
10% Debentures	3,00,000	Current Assets	3,30,000
Creditors	1,50,000	Profit & Loss A/c	2,40,000
	19,80,000		19,80,000

Additional Information:

(15)

VAMAN Ltd. agreed to take over VISHAL Ltd. on the following terms:

- The fixed and current assets are to be considered worth Rs. 15,00,000.
- The purchase consideration is to be paid one fifth in cash and the balance in Equity Shares issued at market price.
- Market value per share of VAMAN Ltd. is Rs. 12 per share.
- Liquidation expenses amounted to Rs. 1,000 agreed to be paid by VISHAL Ltd.
- Debentures of VISHAL Ltd. were taken over and paid by VAMAN Ltd.
- Takeover is in the nature of purchase.

You are required to prepare:

- Statement of Purchase Consideration
- Necessary Ledger Accounts in the books of VISHAL Ltd.

OR

- Q4. (B) PARAG Ltd. and CHIRAG Ltd. agreed to amalgamate and form a new company ANURAG Ltd. Following are the Balance Sheet of both the companies as on 31st March, 2019: (15)

Balance Sheet 31st March, 2019

Liabilities	PARAG Ltd. Rs.	CHIRAG Ltd. Rs.	Assets	PARAG Ltd. Rs.	CHIRAG Ltd. Rs.
Equity Shares of Rs. 100 each	6,00,000	7,20,000	Building	3,00,000	3,60,000
General Reserves	90,000	1,11,000	Plant & Machinery	1,80,000	2,40,000
Profit & Loss A/c	48,000	60,000	Stock	1,20,000	1,80,000
Sundry Creditors	84,000	1,02,000	Debtors	1,80,000	1,20,000
			Bank	42,000	93,000
	8,22,000	9,93,000		8,22,000	9,93,000

Terms of Amalgamation:

- All the Assets and liabilities are to be taken over at book values.
 - In case of PARAG Ltd.: For every 4 Equity Shares in PARAG Ltd. 5 Equity Shares of Rs. 100 each in ANURAG Ltd. shall be issued at 10% premium.
 - In case of CHIRAG Ltd.: 9000 Equity Shares of Rs. 100 each in ANURAG Ltd. shall be issued at par.
 - Amalgamation is in the nature of purchase.
- You are required to:
- Prepare Statement of Purchase consideration.
 - Necessary Ledger Accounts in the books of PARAG Ltd.

- Q5 (A) What are the provisions of Companies Act, 2013 relating to issue and redemption of preference shares? (8)
- Q5 (B) Distinction between Internal Reconstruction and External Reconstruction (7)

OR

- Q5 (C) Write Short note on (Any Three): (15)
- Types of Amalgamation
 - Capital Redemption Reserve
 - Provisions of law about Capital Reduction
 - Profit otherwise available for dividend (Divisible Profits)
 - Intrinsic Value Method (Shares Exchange Method) of Purchase Consideration

Time: 2.30 hours

Marks: 75

- NB: 1. All questions are compulsory.
2. Figures to the right indicates full marks.

Q.1. fill in the blanks.

(Any 08)

08

1. ----- is also known as equity dividend
2. ----- Research is also called as fundamental research.
3. ----- corporate action where the face value of the existing share is reduced in a defined ratio
4. in BCG analysis, ----- are the segments which requires low cash infusion for investment to maintain market share because of low growth prospects
5. ----- enable investors and transact in securities in the dematerialisation form
6. ----- are entities registered with SEBI and act as issue managers, investment bankers, lead managers
7. ----- of shares refers to the Permanent removal of the share of a company from being listed on a stock exchange
8. ----- share represents same degree of ownership in a company but usually come with different voting right
9. ----- research is conducted when the cause of research problem is known to the researcher.
10. ----- issue of shares are given to the existing shareholders.

Q.1.B.Match the following. (Any 07)

07

GROUP A		GROUP B	
1	Hard underwriting	A	Bases on statistics
2	Interim dividend	B	legislation and policy
3	economic factor	C	Commitment at initial stage of IPO
4	banking	D	During the financial yea
5	right issue	E	monetary policy and fiscal policy
6	Depository Participant	F	net interest income
7	merger and acquisition	G	issue to existing share holder
8	technical analysis	H	agent of depositories
9	Descriptive Research	I	change in ownership structure
10	political factor	J	price Trend

- Q.2 A Importance of research in financial market. (8)
 B Write a note on Features of a good research design (7)
 OR
 P Elaborate on Any two types of research (8)
 Q Mention the Steps in formulation of research problems (7)
- Q.3 A Itemize the various Market participants of market (8)
 B What are the Responsibilities of research analyst (7)
 OR
 P Write a note on Fundamental analysis (8)
 Q Enumerate the Qualities of research analyst (7)
- Q.4 A State the Key industry drivers and sources of information for industry analysis (8)
 B Write a note on Michael Porters' 5 force model (7)
 OR
 P State the Key points to be considered before investing (8)
 Q Elaborate on BCG analysis (7)
- Q.5 A Itemize in your view the Success factor of a company (8)
 B Explain about Compliance orientation (7)
 OR
 Q.5 Write a short note on the following (Any 3) (15)
 A Principals of macro economics
 B Descriptive research
 C Classification of stocks
 D Technical analysis
 E SWOT analysis of a company

Duration: 2.5 hours

Marks-75

- Note: 1) All questions are compulsory.
2) Working Notes should form part of your answer.
3) Figures to the right indicate full marks.

Q.1 A. Choose correct alternative and rewrite the statement. (Any 8) (08)

1. Madan has taken House on rent and sublets the same to Anil. Income from such house property shall be taxable under _____.
a) Income From House Property b) Income from other Sources
c) Business Income d) None of the Above
2. Interest credited to RPF is _____.
a) Fully Exempt b) Fully Taxable
c) Exempt up to 9.5% d) Exempt up to 8.5%
3. The qualifying amount of the preliminary expenditure can be claimed as deduction over a period of _____ years in equal installments.
a) 4 b) 5
c) 8 d) 10
4. The deduction u/s 80E is allowed for repayment of interest to the extent of _____.
a) Rs.50000 b) Rs.100000
c) Any amount paid as interest during the year d) None of the above
5. Dividend declared by Unit Trust of India is _____.
a) Fully exempt in the hands of unit holders b) Fully taxable in the hands of unit holders
c) Taxable but deduction is allowed under sec.80 d) None of the above.
6. After availing the exemption U/s 54EC, the assessee has to retain the long term specified asset for minimum period of _____ from the date of Acquisition.
a) 1 year b) 5 years
c) 3 years d) 2 years.
7. Kumar is neither a government employee nor covered under the payment of gratuity Act 1972. He has completed 21 years and 8 months of service. The number of completed years considered for gratuity exemption shall be _____.
a) 22 years b) 21 years
c) 21 years and 8 months d) Average of (a) & (b)
8. The term person includes _____.
a) HUF b) AOP
c) BOI d) all of the above
9. Mahesh a foreign national visited India during previous year 2018-19 for 150 days. Earlier to this he never visited India. Mahesh in this case shall be _____.
a) R and OR b) NR
c) R but NOR d) none of the above
10. Entertainment Allowance is deductible to the extent of Rs.5000 for a _____.
a) Private Company Employee b) Government Employee
c) Both of the above d) none of the above

Q. 1B State whether True or False from the following and rewrite the statement (Any 7) (07)

1. Mr. Anuj is physically handicapped person (85%) as certified by medical authorities; he can claim Rs.125000 as deduction U/s 80DD
2. Vinayak received gift from his father which is taxable in his hands.
3. Net Annual value of self-occupied property is NIL.
4. Past untaxed profit brought forward into India is always taxable.
5. Medical premium paid by the employer on behalf of employee is a tax free perquisite.
6. Uncommuted pension received by government employee is exempt.
7. Life insurance premium paid is allowed as deduction U/s 80C.
8. Previous year can be less than 12 months.
9. The amount interest on borrowed capital is allowable as deduction under SOP is Rs.150000.
10. Reasonable letting down value is higher of fair rent or municipal valuation.

Q.2 A. From the following income of Mr. Rohit for the previous year 2018-2019, compute his gross total income for the assessment year 2019-20 if he is – (15)

- (a) Resident and ordinarily resident.
- (b) Resident but not ordinarily resident
- (c) Non-resident

Income	Rs.
1. Dividend received from MacDonald's Ltd. a USA Company in USA	18,000
2. Rent received from house in Kolkata	60,000
3. Income from agriculture in Sri Lanka	50,000
4. Income from business in Dhaka, controlled from Mumbai	60,000
5. Rent from office property in UK credited to bank account in Switzerland	20,000
6. Income from the profession in Nairobi received in Nairobi which was set up in India	30,000
7. Past untaxed foreign income brought to India, during the previous year	10,000
8. Royalties from Indian Companies	40,000
9. Profits from Business in Dubai managed from India	10,000
10. Income Accrued in Afghanistan and received in Pakistan	31,000

OR

Q.2 B. Mr. Karnik sold on 10-06-2018 his residential house in Nashik for Rs. 75,00,000. It was purchased on 07-07-2003 for Rs. 7,00,000. Expenses on transfer amounted Rs. 1,20,000.

Mr. Karnik incurred expenses on improvement on old house in financial year 2005-06 of Rs. 1,40,000. He invested Rs. 25,00,000 for purchase of new residential house on 31-10-2018.

You are required to compute Net Capital Gain for the assessment year 2019-20. (08)

Relevant Cost Inflation Indices are as under :

2003-04	109	2005-06	117	2018-19	280
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Q2.C.Amol is Indian Film Actor gives you the following information of his stay outside India for film Shooting.

12April 2018 to 27April 2018	USA
5thMay 2018 to 11 th July 2018	Sri Lanka
26 th August 2018 to 9 th September 2018	UK
20 th September 2018 to 11 th October 2018	New Zealand
3 rd January 2019 to 25 th March 2019	South Africa

He went to Hollywood for two years from 10th March 2016 and returned to India 28th March 2018. Determine his residential status for the assessment year 2019-20. (07)

Q.3 A.Mr. Dilip Raje (Senior citizen) has let out his house property situated at Mumbai for residential purpose, the details of which for the year ended 31st March 2019.

Sr.No	Particulars	Rs
1	Fair rent	275000
2	Municipal value	260000
3	Actual Rent received	300000
4	Municipal taxed paid by tenant	10000
5	Collection charges	5000
6	Insurance	4500
7	Interest paid on borrowed fund (Loan taken in May 2010)	35000
	Other Information	
1	Interest acerued on FD	10000
2	Interest accrued on PPF	2000
3	Interest on saving Account	5000
4	Dividend from Raymond's (Indian Company)	4000

During the previous year he made the following investments and payments.

1. Investment in NSC Rs.70000.
2. Investment in PPF Rs.60000.
3. Paid Rs.25000 by cheque as medical premium for self.

Compute his taxable income of Mr. Dilip Raje for A.Y. 2019-20. (15)

OR

Q.3 B. Mr Dutta is Employed with cybertech Ltd.He furnishes you the following information for the assessment year 2019-20. Compute his Total Taxable Income for the assessment year 2019-20. (15)

- 1) Net Salary per month Rs. 9000 per month.
- 2) Income tax deducted at source Rs. 900 per month.
- 3) Professional tax deducted at source Rs. 100 per month.
- 4) He has been employed since 1st April, 1989 and received entertainment allowance of Rs. 750 per month, since that date.
- 5) Perquisite Value of Water, Gas and Electricity Rs. 10,000.

- 6) Received bonus during the year in respect of earlier year Rs. 6,000.
- 7) Received arrears of salary for 2017-18 Rs. 6,000.
- 8) The employer paid L.I.C. Premium of Mr. Dutta amounting to Rs. 5,000 for a policy of Rs. 5,00,000 issued on 1-4-2008.
- 9) Took advance salary of Rs. 10,000 on account of marriage of his son and loan Rs. 6,000.
- 10) Mr. Dutta, who is also a director in the company received Rs. 2,000 as director's sitting fees during the year.
- 11) Mediclaim Premium paid by the company Rs. 2,500.
- 12) He incurred the expenses incidental to employment, such as purchase of books, car expenses etc. amounting to Rs. 12,000.
- 13) He received Rs. 16,000 as salary from M/s. Reema Perfumes (a partnership firm), where he is a partner.
- 14) He also received an amount of Rs. 8,000 from betting in a club.
- 15) Repayment of loan from SBI for pursuing higher education of his son amounting to Rs. 50,000. Interest paid on such loan Rs. 9,000.

Q. 4 A. Mr. Milind, Proprietor of M & Co. furnishes you the following information for the year ended 31-03-2019.

Profit and Loss Account

Debit	Rs.	Credit	Rs.
To Salaries	2,20,000	By Gross Profit	6,29,000
To Rent	60,000	By Interest Accrued on N.S.C.	6,000
To Printing Expenses	15,000	By Gift from father	51,000
To Advertisement Expenses	5,000	By Income from Mutual Fund	12,000
To Motor Car Expenses	80,000	By Winnings from Lottery	1,00,000
To Embezzlement by Employee	11,000		
To Staff Welfare Expenses	30,000		
To Purchase of N.S.C.	50,000		
To Depreciation	25,000		
To Net Profit	2,90,000		
Total	7,98,000	Total	7,98,000

Additional Information:

- (a) Depreciation as per Income Tax Rules Rs. 28,000.
- (b) Staff welfare expenses include Rs. 10,000 for medical treatment of an employee.
- (c) Rent is paid for his residential house.
- (d) Advertisement expenses are incurred for an advertisement in the souvenir of a political party.

You are required to compute his total Taxable Income for the Assessment Year 2019-20. (15)

OR

Q.4 B.Mr. Ravi Kiran furnishes you the following information for the previous year ending on 31st March, 2019.

Profit and Loss Account			
Debit	Rs.	Credit	Rs.
To Salaries	72,000	By Gross Profit b/d	1,60,000
To Rent	10,000	By Dividend from Indian Companies	5,000
To Depreciation	6,000	By Dividend from Foreign Companies	3,000
To Motor Car Expenses	4,800	By NSC Interest	3,000
To Printing and Stationery	2,200	By Interest on Co. FD	5,000
To Labour Welfare Expenses	3,000	By Sales Tax Refund	2,000
To Advertisement Expenses	3,500	By Income Tax Refund	4,000
To Drawings	12,500		
To Medi-claim Premium	14,000		
To Net Profit	54,000		
	1,82,000		1,82,000

He provides you the following additional information:

- (1) Half of the rent is attributable towards his residential flat.
- (2) Allowable depreciation as per Income Tax Rules is Rs. 7,500
- (3) Half of the Motor Car Expenses are for personal purpose.
- (4) Labour Welfare includes Rs. 1,000 expenses for his personal treatment.
- (5) Mediclaim premium was for his father, a senior citizen not dependent on the assessee. It was paid through internet banking.

You are required to compute the Taxable Income for the Assessment year 2019-20.

(15)

Q.5 A Define income from other sources with example.

(08)

Q.5 B. Explain conditions for residential status with exceptions

(07)

OR

Q.5 Short Notes (Any 3)

(15)

1. Deductions U/s 80U and 80D
2. Interest on Borrowed capital
3. Gratuity
4. Perquisites
5. Person.
