

SyBBI.

Sem - III

Oct - 2019

QUESTION PAPER

S.Y.B.B.I

SEM-III

OCT. - 2019

Financial Management

M.L.Dahanukar College of Commerce
S.Y.B.Com(Banking and Insurance)
Semester III OCT 2019

Time : 2.5 hrs

Marks : 75

- Q1) A True or False (any 8 out of 10) (08)
- 1 Capitalization is generally found to be of three types : Normal, Over and Under.
 - 2 The duties of the financial manager is to determine which marketing Strategy to use to promote a product.
 - 3 Investor's are risk averse.
 - 4 Dividends are the cash flows returned to the shareholders
 - 5 The objective of capital structure planning is to minimize its overall cost of Capital.
 - 6 Capital budgeting decisions are long term decisions.
 - 7 In simple interest, interest for each year is not same.
 - 8 Different sources have same cost of capital.
 - 9 Payback method always gives same results compared to NPV method.
 - 10 NPV considers time value of money.

- Q1) B Match the column : (any 7 out of 10) (07)

| A | B |
|-------------------------------------|--|
| i) EVA | a) Opportunity cost of capital |
| ii) EPS | b) Sales |
| iii) ROI | c) Debt plus equity |
| iv) Equity Capital | d) Tax benefit on interest |
| v) Turnover | e) Paying dividend at fixed rate of %. |
| vi) Capital Structure | f) Economic value added |
| vii) Debt | g) Earning per share |
| viii) Modigliani and Millers Theory | h) Return on investment |
| ix) Capital Gearing Ratio | i) Irrelevant theory of capital structure |
| x) Preference Share Capital | j) Capital bearing risk and Capital not bearing risk |

- Q2) Deccan Express Ltd.is considering two financing plans. The key information is as follows: Total investment to be raised is Rs. 2,00,000. Planning of financing proportion: (15)

| Plan | Equity | Debt |
|------|--------|------|
| A | 100% | - |
| B | 50% | 50% |

Cost of debt 8%. Tax rate 50%. Equity shares of the face value of Rs. 10 each will be issued at a premium of Rs. 10 per share. Expected PBIT is Rs. 80,000.

Determine for each plan:
a) Earnings per Share (EPS)

b) The financial Breakeven point

OR

Q2 C The Easy Ltd required rate of return on invested capital is 8%, following data relates to Department X of Easy Ltd. (08)

| | | | |
|----------------------------|---------|------------------|---------|
| Sales Value (Rs.) | 1 Crore | Income (Rs.) | 20 lacs |
| Average Investment (Rs.) | 25 lacs | Sales Margin (%) | ? |
| Capital Turnover (Times) | ? | ROI (%) | ? |
| Economic Value Added (Rs.) | ? | | |

Q2 D If Ranjan purchases a 6 year Rs. 1000 par value bond bearing nominal rate of interest at 6%, what he should be willing to pay now to get a required rate of 8% to purchase the bond if on maturity he will receive the bond value at par. (07)

Q3 Samarth Ltd. has the following capital structure as on 31st march, 2019: (15)

| | |
|------------------------------|----------------------|
| 10% Debentures | Rs. 3,00,000 |
| 9% Preference Shares | Rs. 2,00,000 |
| Equity Shares of Rs.100 each | <u>Rs. 5,00,000</u> |
| Total | <u>Rs. 10,00,000</u> |

The equity shares of the company are quoted at Rs.102 and the company is expected to declare a dividend of Rs. 9 per share for the year.

Required:

- 1) Assuming the tax rate applicable to the company to be 50%, calculate the weighted average cost of capital. State clearly the assumptions you make.
- 2) Assuming that the company can raise additional term loan at 12% for Rs. 5,00,000 to finance an expansion, calculate the revised weighted cost of capital. The company's assessment is that it will be in a position to increase the dividend from Rs. 9 per share to Rs. 10 per share, but the business risk associated with new financing may bring down the market price from Rs. 102 to Rs. 96 per share.

OR

Q3 A firm is considering to purchase a new machine for its immediate expansion programme. There are two types of machine in the market for this purpose. The details are as follows: (15)

| Particulars | Machine CV Rs | Machine VC Rs |
|---|------------------|------------------|
| Cost of machine | 17,500 | 9,000 |
| Estimated savings in scrap per year | 400 | 250 |
| Estimated savings in Direct wages per year | 2,750 | 2,250 |
| Expected savings in Indirect materials per year | 100 | 250 |
| Additional cost of Maintenance per year | 750 | 500 |
| Estimated Life of machine | 10 years | 5 years |

You are required to advise the management which type of machine should be purchased on the basis of Payback Period and also calculate Payback Profitability for both machines.

- Q4 From the following information , calculate the Profitability Index and Internal rate of return Estimated life of project (with no salvage value) is 5 years and the required rate of return is 10 %. The initial outlay is Rs. 2 lakhs. Assume straight line depreciation. (15)

The Projected net income (after depreciation, interest and taxes) are as under :

| Year | Project X |
|------|-----------|
| 1 | 10,000 |
| 2 | 10,000 |
| 3 | 20,000 |
| 4 | 20,000 |
| 5 | 20,000 |

The PV Factors at 10% is 3.791, at 12% is 3.605, at 14% is 3.433 against 5 years.

OR

- Q4 Calculate the market price of share as per Walter Model and Gordon Model. (15)
Retention ratio 50% Internal rate of return 20%
Cost of capital 16% Dividend per share Rs. 3
Earning per share Rs. 5

- Q5 A Explain the essentials of Optimum Capital Structure. (08)
Q5 B What are the objectives of financial management ? (07)

OR

Q5

Write Short Notes (any 3)

(15)

- 1 Cost of Capital
- 2 Features of Capital Expenditure Decision
- 3 Accounting rate of return
- 4 Interim Dividend
- 5 Free Cash Flow

Sub^o - Management Accounting

M.L.Dahanukar College of Commerce
S.Y.B.Com(Banking and Insurance)
Semester III OCT 2019

Time : 2.5 hrs

Marks : 75

Q1) A Choose the correct alternative (any 8 out of 10) (08)

1. Increase in current asset would _____ the working capital.
A) Increase B) Decrease C) Constant D) None
2. Management of _____ capital is the task of finance manager.
A) Working B) Fixed C) Gross Working D) None
3. Working capital requirements depend upon the _____ of the business.
A) Size B) Nature C) Volume D) All of the above
4. As per assumption of MM theory corporate tax _____
A) Doesn't exist B) Exists C) Cannot say D) None
5. Part of income distributed to shareholders is called as _____.
A) Dividend B) Profit C) Loss D) Retained Profit.
6. Dividend can be paid in the form of _____.
A) Cash B) Bonus Shares C) Both D) None
7. Standard current ratio is _____.
A) 2:1 B) 3:1 C) 4:1 D) 1:1
8. Capital gearing ratio indicates _____.
A) Total Assets B) Incidence of debt C) Fixed to non fixed income bearing securities D) None
9. Creditor's turnover is a _____ ratio.
A) Balance Sheet B) Revenue statement C) Combined D) None
10. Management accounting is _____ oriented.
A) Present B) Past C) Future D) None

Q1) B Match the column (any 7) (07)

- | | |
|------------------------------|--|
| 1 Sales – Cost of Goods Sold | A Shows inefficiency of management |
| 2 Management Accounting | B Required during flood and fire |
| 3 Ratio Analysis | C Gross Profit |
| 4 Du Pont Chart | D Helps in Decision Making |
| 5 Special working capital | E Decided by board of directors |
| 6 Positive working capital | F Current assets more than current liabilities |
| 7 Dividend Policy | G Combined ratio |
| 8 Higher operating ratio | H Can be used for window dressing |
| 9 Margin of Safety | I Added to working capital |
| 10 Earning per share | J 1920 |

Q2) A From the following profit and loss account of Milky way Limited calculate the following ratios (15)

1. Gross Profit Ratio
2. Operating Ratio
3. Stock Turnover ratio
4. Net Profit ratio
- 5.

Expenses Ratio

| Particulars | Rs | Particulars | Rs |
|----------------------------------|-----------------|---------------------------------|-----------------|
| To opening stock | 1,00,000 | By Sales | 5,00,000 |
| To purchases | 2,75,000 | By closing Stock | 1,25,000 |
| To factory rent | 62,500 | | |
| To direct wages | 62,500 | | |
| To gross profit | 1,25,000 | | |
| | 6,25,000 | | 6,25,000 |
| To Office rent | 6,250 | By gross profit | 1,25,000 |
| To office Salaries | 12,500 | By interest | 8,750 |
| To selling expenses | 9,375 | By profit on sale of investment | 625 |
| To advertisement | 3,125 | | |
| To interest on loan | 5,000 | | |
| To Bank charges | 1,250 | | |
| To Depreciation on office assets | 15,000 | | |
| To Loss on sale of asset | 2,500 | | |
| To income tax | 22,500 | | |
| To Net Profit | 56,875 | | |
| | 1,34,375 | | 1,34,375 |

OR

Q2 B From the following Balance Sheet on Sun Limited as on 31.03.2014

(15)

| | Rs | | Rs |
|------------------------------|-----------------|------------------------|-----------------|
| Equity Share Capital | 1,50,000 | Plant and Machinery | 1,75,000 |
| 10% Preference Share Capital | 50,000 | Goodwill | 40,000 |
| General Reserve | 42,500 | Short Term investments | 30,000 |
| Profit and Loss A/c | 25,000 | Debtors | 37,500 |
| 10% Debentures | 50,000 | Bank Balance | 30,000 |
| Provision for tax | 20,000 | Cash in hand | 5,000 |
| Creditors | 30,000 | Stock | 27,500 |
| Bank Overdraft | 15,000 | Advance Tax | 25,000 |
| | | Preliminary Expenses | 12,500 |
| | 3,82,500 | | 3,82,500 |

Calculate all Balance sheet ratios

Q3 A The management of Food Limited has called for a statement showing the working capital to finance a level of activity of 90,000 units of output for the year. The cost structure for the company's product is as below.

(15)

| | Per Unit |
|--|----------|
|--|----------|

| | |
|--|----|
| Raw Material | 20 |
| Wages | 5 |
| Overheads (including depre Rs 5 per unit) | 15 |
| TOTAL | 40 |
| Profit | 10 |
| Selling Price | 50 |

Additional Information

1. Minimum desired cash balance is Rs 20,000.
 2. Raw material are held in stock for 2 months.
 3. Work in progress will approximate half month's production.
 4. Finished goods remain in warehouse on an average for a month.
 5. Suppliers extend a month's credit and debtors are provided two month's credit, cash sales are 25% of total sales
 6. There is a time lag in payment of wages of a month and half a month in case of overheads.
 7. Provide 10% for contingency
- From the above facts you are required to prepare a statement of working capital needs.

OR

- Q3 B A Limited manufacturing company produces 30,000 units during the year and sells them at Rs 10 per unit. Various cost in terms of percentages of selling prices are (15)

| | |
|--------------|------|
| | |
| Raw Material | 60% |
| Wages | 10% |
| Overheads | 20% |
| TOTAL | 90% |
| Profit | 10% |
| Sales | 100% |

The additional information is as below :

- 1) The purchases and sales occur evenly throughout the year.
 - 2) Raw material equivalent to 1.5 months supply is stores in godown.
 - 3) The production process takes 15 days.
 - 4) Finishes goods equal to one months production are carried in stock.
 - 5) 60% sales are on credit basis. Half the credit sales are made to those customers who accept bill of exchange for 3 months. Remaining debtors enjoy credit for 2 months.
 - 6) Creditors allow 2 months credit.
 - 7) Time lag in payment of wages and overheads is 1 month.
 - 8) Bank has sanctioned overdraft limit @ 50% of stock at cost.
 - 9) A cash balance of Rs 20,000 is kept for contingency.
- Prepare forecast of working capital

- Q4 A Being a company secretary you are asked to calculate the revised share capital for following companies using the information given below (08)

| Sr. No | Existing Total | % of Preference Share Capital | Bonus Ratio |
|--------|----------------|-------------------------------|-------------|
|--------|----------------|-------------------------------|-------------|

| | share capital FV (100) | from total Share Capital | (Issued : Held) |
|---|---------------------------|--------------------------|------------------|
| 1 | 50,00,000 | 0% | 1:4 |
| 2 | 25,00,000 | 20% | 1:2 |
| 3 | 37,50,000 | 50% | 1:2 |
| 4 | 10,00,000 | 10% | 1:1 |

Q4 B From the following information furnished below details stock splits are given to calculate the revised number of shares (07)

| Sr. No | Company | Existing Total Share capital FV (Rs100 per share) | Face Value | Stock split to (Value per share) |
|--------|-------------|---|------------|-----------------------------------|
| 1. | Saturn Ltd | 2,00,00,000 | 100 | 80 |
| 2. | Neptune Ltd | 10,00,000 | 100 | 50 |
| 3. | Pluto Ltd | 50,00,000 | 10 | 05 |
| 4. | Sultan Ltd | 25,00,000 | 10 | 05 |
| 5. | Moon Ltd | 3,00,00,000 | 100 | 75 |
| 6. | Sun Ltd | 25,00,000 | 10 | 08 |
| 7. | Uranus Ltd | 1,00,00,000 | 100 | 50 |

OR

Q4 P Following is the information of Star Limited (08)
Internal Rate of return:10%, Cost of Capital : 10%, Earning per Share : Rs 8,
Calculate the value (market price) of shares using Walter model when dividend payout is a) 50% b)75%

Q4 Q From the following information available (07)
 $K_e = 15%$, EPS: Rs 30, $r = 14%$, . Calculate the price of share as per Gordon Model if retention ratio is a) 40% b) 60%

Q5 A Explain the importance of management accounting (08)
Q5 B Explain in detail the different factors affecting working capital (07)

OR

Q5 Write short notes on (15)
1 Du Pont Analysis
2 Advantages of Ratio Analysis
3 Types of working capital
4 Users of financial statements
5 Bonus Shares

Sub-Risk Management

7/10/2019

M.L.Dahanukar College of Commerce
S.Y.B.Com(Banking and Insurance)
Semester III OCT 2019

Time : 2.5 hrs

Marks : 75

- Q1) A Fill in the blanks (any 8 out of 10) (08)
- 1 _____ price is also called as exercise price.
 - 2 _____ is a type of bond that makes no coupon payment.
 - 3 _____ is widely used to measure the market risk of a portfolio or security.
 - 4 _____ is like buying credit insurance.
 - 5 _____ is the first pillar of Basel II.
 - 6 _____, known as munis are more common in developed countries.
 - 7 Borrowers face the risk of interest rate _____.
 - 8 There exist an _____ between bond prices & interest rates.
 - 9 COSO stands for _____.
 - 10 _____ is risk due to possible changes in spreads.

- Q1) B State whether true or false (any 7 out of 10) (07)
- 1 Futures are contracts which are traded over the counter.
 - 2 Bonds are always redeemed at par.
 - 3 Credit rating of "CCC" represents firm in poor financial position.
 - 4 Risk ratings are pre specified scale.
 - 5 India adopted Basel guidelines in the year 2000.
 - 6 Expected loss on default is the probability of default & loss.
 - 7 Expiration date is the last date on which options are traded.
 - 8 OTM means the option contract is in a loss.
 - 9 Hedger enters the market to reduce his risk.
 - 10 The measure of duration assumes a linear relationship between changes in price & duration.

- Q2 A Discuss the ERM framework. (08)
- Q2 B Explain relationship between risk & returns. (07)

OR

- Q2 C Explain the "2007 Global financial crisis" (08)
- Q2 D Explain different types of risk. (07)

- Q3 A Discuss the process of evaluation of CRA (08)
- Q3 B Distinguish between futures & forwards (07)

OR

- Q3 C Decide whether the options are ITM/ATM/OTM (08)

| Type of options | Market Price | Strike Price |
|-----------------|--------------|--------------|
| Call | 2,000 | 3,560 |
| Put | 3,569 | 3,500 |
| Call | 4,500 | 4,000 |
| Call | 8,500 | 9,000 |
| Put | 7,230 | 7,000 |
| Put | 6,580 | 7,500 |

| | | |
|------|--------|--------|
| Call | 10,000 | 10,000 |
| Put | 2,650 | 3,650 |

Q3 D Calculate CAR (07)

| Particulars | Exposure in Lakhs | Risk Weight (%) |
|---|-------------------|-----------------|
| Cash balance with RBI | 2,000 | 10 |
| Balances in current Accounts with other banks | 10,500 | 15 |
| Other Investments | 8,000 | 90 |
| Non funded exposure to infrastructure | 4,500 | 100 |

Tier one capital 2,500 lakhs ,tier two capital 1,800 lakhs

Q4 A Explain rupee duration & price value of a basis point. (08)
 Q4 B Discuss various option terminologies. (07)

OR

Q4 C Explain operating design of the CRF. (08)
 Q4 D Calculate standard deviation (07)

| Outcome | Return (%) | Probability |
|---------|------------|-------------|
| 1 | 10 | 0.1 |
| 2 | 25 | 0.2 |
| 3 | -10 | 0.1 |
| 4 | -12 | 0.1 |
| 5 | 25 | 0.2 |
| 6 | 8 | 0.2 |
| 7 | -9 | 0.1 |

Q5 A Explain the grading system for calibration & credit risk. (08)
 Q5 B Explain Risk management and corporate governance. (07)

OR

Q5 Write Short Notes (any 3) (15)
 1 Political & Inflation Risk
 2 ERM Matrix
 3 Differentiate between options & futures.
 4 Indian Economic Crisis,1991.
 5 ICAAP.

Sub^o - I.T. in B&I

Date: - 9/10/19

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Semester III OCT 2019

Time : 2.5 hrs

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Q1 A Objective Questions (any 8 out of 10)

08

- 1 Which of the following can be used to navigate documents _____
 - a. frames
 - b. hyper link
 - c. web toolbar
 - d. All of above
- 2 What enables you to move directly to specific location in document?
 - a. Subdocuments
 - b. Bookmarks
 - c. Cross-references
 - d. Outlines
- 3 Which enables us to spend the same letter to different persons?
 - a. Macros
 - b. template
 - c. Mail merge
 - d. none
- 4 SSL stands for
 - a. Secure socket layer
 - b. Secure soft layer
 - c. Secure safe layer
 - d. None of these
- 5 In HTTPS - 'S' means
 - a. http safe
 - b. http secure
 - c. http soft
 - d. None of these
- 6 Launching malicious software in the form of _____
 - a. Worms
 - b. Virus
 - c. Trojan
 - d. All of the above
- 7 Cipher text means
 - a. Encrypted text
 - b. Decrypted text
 - c. Digitally signed text
 - d. None of these
- 8 URL means _____
 - a. Uniform Resource Locator
 - b. Uniform recovery locator
 - c. Uniform regular locator
 - d. none
- 9 What is the name of Act that governs internet usage in India _____
 - a. IT Act 2000
 - b. IT Act 1998
 - c. Cyber Law Act 2000
 - d. None of these
- 10 _____ is type of internet fraud that seeks to acquire a user's credential by deception.
 - a. Phishing
 - b. Spam
 - c. Virus
 - d. Worms

Q1 B Objective Questions (any 7 out of 10)

07

- 1 As result of technology, buyers power has increased in most industries.
- 2 Web services are arrangements made between E-commerce sites that directs users from one site to another.
- 3 It is possible to protect an ms word using password
- 4 The direct computer-to- computer transfer of transaction information contained in standard business documents, conducted in a standard format, is termed Electronic Data Interchange.
- 5 E-commerce permits customers, consumers, and companies to form relationships that would not be possible without technology.
- 6 Black hat hackers are considered legal in cyber security.
- 7 SSI means Secure Socket Information.
- 8 RTGS there is no maximum fund transfer limit.
- 9 Smart cards are plastic cards, size of a credit cards that contains an embedded chip on which digital information can be stored.
- 10 All E-commerce applications does not follow Client-server processes.

- Q2 A Define WWW with its architecture
- Q2 B Define the term E-commerce and explain the characteristics of E-commerce. 08
- OR
- Q2 C What is EPS? Why is it important? 07
- Q2 D Explain any 5 types of E-commerce and its pros and cons. 08
- 07
- Q3 A Briefly explain any three types of EPS and Risk involved in them. 08
- Q3 B Explain Business model in E-commerce 07
- OR
- Q3 C Explain any 5 functions of MS word. 08
- Q3 D Define the components of I-way. 07
- 07
- Q4 A With suitable examples explain the application of IT in Insurance company 08
- Q4 B Discuss in brief various categories of Cyber crime. 07
- OR
- Q4 C What is meant by Anatomy of E-commerce application? 08
- Q4 D Analyze the pros and cons of E-commerce in banking. 07
- 07
- Q5 A What do you understand by the term 'Cyber Security'? 08
- Q5 B What is the advantage of E-Banking and list various risks involved in the process. 07
- OR
- Q5 Write Short Notes (any 3) 15
- 1 Router 2. Virus 3. Trojan Horse 4. Plastic money
- 5 Cyber space

10/10/2019

Sub: - FC - III

M.L.Dahanukar College of Commerce
S.Y.B.Com(Banking and Insurance)
Semester III OCT 2019

Time: 2.5 hrs.

Marks : 75

Q1) A State whether the following statement is True or False (any 8 out of 10) (08)

- 1 Micro finance doesn't provide finance to small entrepreneurs.
- 2 RRB is allowed to function in metro cities.
- 3 FIF and FIFT won't come under the supervision of NABARD.
- 4 Without KYC, account cannot be opened in bank.
- 5 Overdraft facility is given on saving account.
- 6 NABARD directly gives loan and advances to rural customers.
- 7 IDBI is one of the industrial banks operating in India.
- 8 Portfolio manager has to register with SEBI
- 9 SHG helps for women empowerment.
- 10 Retail banking has large number of small customers.

Q1) B Match the following (any 7 out of 10) (07)

| | |
|----------------------------|---|
| 1. NABARD | 1949 |
| 2. Public sector bank | Agricultural credit apex institution |
| 3. Micro finance | Small in nature |
| 4. Paper currency Act | 1976 |
| 5. Principles of banking | Shareholding lies with the general public |
| 6. Money lenders | 51% ownership with the government |
| 7. Private Sector Bank | 1861 |
| 8. Virtual Banking | Solvency |
| 9. RRB Act | Unorganised sector. |
| 10. Banking Regulation Act | Smart card |

Q2 A Explain the causes of bank failure. (08)

Q2 B Describe Basel II in detail (07)

OR

Q2 C Describe Basel I in detail (08)

Q2 D Explain the emerging trends in banking. (07)

Q3 A Enumerate the Powers and Duties of Banking Ombudsman. (08)

Q3 B Explain the funding services of corporate bank. (07)

OR

Q3 C Explain in detail the functions of commercial bank. (08)

Q3 D Explain the different products offered by retail banks (07)

Q4 A What is E-banking? What are the features of E-banking? (08)

Q4 B Explain the norms of KYC. (07)

OR

Q4 C Explain the advantages of Universal Banking. (08)

Q4 D Write a detailed note on traditional banking (08)

Q5 A Describe Pradhan Mantri Jan Dhan Yojna.

Q5 B Explain the role of SIDBI

(08)

(07)

OR

Q5 Write Short Notes (any 3)

(15)

1 Self Help Group

2 National Electronic Fund transfer

3 Micro Finance

4 Retail Bank

5 Cheque

M.L.Dahanukar College of Commerce
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Semester III, OCT 2019

11/10/19

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Fin Marks

Marks : 75

Q1. Fill in the blanks with proper alternative (Any 8 out of 10)

(8 Marks)

- 1) _____ is a function of financial system.
i. Establishment of Development banks
ii. Nationalisation of financial institutions
iii. Saving function
iv. Intermediaries control
- 2) The Reserve Bank of India was established on _____.
i. 1935
ii. 1938
iii. 1949
iv. 1950
- 3) _____ are branches of joint stock companies incorporated abroad,
i. Schedule
ii. Foreign
iii. Co-operative
iv. Commercial
- 4) _____ are issue by Corporates at a discount on the face value.
i. Share
ii. Treasury bills
iii. Commercial Papers
iv. Certificate of Deposits
- 5) _____ are optimistic with the prices of shares.
i. Bulls
ii. Bears
iii. Stags
iv. Fox
- 6) _____ agrees to take a specified number of shares or debentures offered to the public, if the issue is not fully subscribed.
i. Jobbers
ii. Brokers
iii. Underwriters
iv. Tarawaniwalas
- 7) _____ is a person buys or sells the commodity by just predicting the market movement in future
i. Hedgers
ii. Speculators
iii. Arbitrageurs
iv. Broker
- 8) _____ exchange acts as a common place where traders can buy and sell commodities
i. Derivative
ii. Commodity
iii. Forex
iv. Stock
- 9) _____ is a financial asset that derives its value from an underlying asset.
i. Commodity
ii. Foreign Exchange
iii. Derivative
iv. Fixed Income Security
- 10) _____ are the investors who earn from discrepancy in prices between to exchanges or between two different maturities of the same commodity.
i. Hedgers
ii. Speculators
iii. Arbitrageurs
iv. Broker

Q1.B. State whether the statement are True or False:- (Any 7 out of 10)

(7 Marks)

- F 1) Banking Regulation Act is established to prevent undesirable transactions in securities by regulating the business of dealing therein, by providing for certain other matters connected therewith.

- F 2) Call money is a promissory note issued by the RBI to meet the short - term requirements of funds.
- F 3) The organised sector is largely made up of money lenders and indigenous bankers.
- F 4) Speculators handle transactions on a commission basis for their brokers.
- F 5) The exchange-traded interest rate derivatives are yet not introduced.
- F 6) A company issuing shares to small group of investors is called as IPO.
- T 7) Multi Commodity Exchange of India (MCX) is India's first listed exchange.
- T 8) Commodities futures could be settled physically.
- F 9) Livestock Risk protection (LRP) works like a call option.
- T 10) Exchange traded derivatives are traded through Central Exchange with publicly visible prices.

Q2.A. What are the types of financial services?

Q2 B. What are the role of RBI?

(8 Marks)

(7 Marks)

OR

Q2.C. What are the financial intermediaries in capital market?

Q2 D. What are the benefit of leasing?

(8 Marks)

(7 Marks)

Q3.A. What are the characteristics of Money Market?

Q3.B. What are the benefits of stock exchange?

(8 Marks)

(7 Marks)

OR

Q3.C. What are the objectives of listing?

Q3 D. What are problems in Indian Primary market?

(8 Marks)

(7 Marks)

Q4.A. What are the contribution of Debt Market to economy?

Q4 .B. What are the players in Commodity Markets?

(8 Marks)

(7 Marks)

OR

Q4.C. What are the duties performed by Forward Market Commission (FMC)?

Q4 D. What are the ways to invest in Commodities?

(8 Marks)

(7 Marks)

Q5.A. What are the advantages of Derivatives?

Q5 B. What are the functions of Derivatives?

(8 Marks)

(7 Marks)

OR

Q5. Write short notes on:- (Any 3 out of 5)

1. Treasury Bills

2. Mutual Funds

3. Offer for Sale

4. National Multi-Commodity Exchange (NMCE)

5. Options Contract

(15 Marks)

M.L.Dahanukar College of Commerce
S.Y.B.Com(Banking and Insurance)
Semester III OCT 2019

Time : 2.5 hrs

Marks : 75

- Q1) A Multiple Choice Questions (any 8 out of 10) (08)**
- 1 Mr. Suhas, a practicing Chartered Accountant, is a full time lecturer in SN College. He was appointed as Internal Auditor of the same college and paid Rs 5000 as fees. These fees are taxable under the head Income from
 - a) Other Sources
 - b) Business / Profession
 - c) Capital Gains
 - d) Salaries
 - 2 Municipal taxes paid by the owner is deducted from
 - a) Gross Annual Value
 - b) Net Annual Value
 - c) Municipal Value
 - d) Income from House Property
 - 3 Cost Inflation Index is applicable when there is
 - a) Long Term Capital Gain
 - b) Short Term Capital Gain
 - c) Business Income
 - d) Lottery Income
 - 4 Deduction allowable u/s 80C for tuition fees shall be allowed if the same are paid
 - a) For full time education in school and college in India only
 - b) Even for part time education in school and college in India
 - c) Even for full / part time education in college abroad
 - d) For distance education
 - 5 Mr. Nikhil received a gift of Rs 52000 from his friend. The taxable amount of gift is
 - a) Rs 2000
 - b) Rs 52000
 - c) NIL
 - d) Rs 50000
 - 6 Interest received on Company Debentures is
 - a) Fully Taxable
 - b) Partly Taxable
 - c) Tax free
 - d) Exempt
 - 7 Salary received by a manager of agricultural farm is
 - a) Fully exempt
 - b) Fully taxable
 - c) Partly exempt
 - d) Exempt upto Rs 5000 p.a.

- 8 The Income Tax Act extends to
 a) Whole of India
 b) States of India
 c) Union Territories of India
 d) Citizens of India
- 9 Pune University is assessed to Income Tax as
 a) An individual
 b) A local authority
 c) An artificial juridical person
 d) A hindu undivided family
- 10 The deduction u/s 80E is allowed for repayment of interest to the extent of
 a) Rs 25000
 b) Rs 40000
 c) Any amount of interest during the PY
 d) Rs 100000

Q1) B True or False (any 7 out of 10)

(07)

- 1 Agricultural income is taxable
- 2 Municipal taxes are allowed as deduction only if borne by tenant
- 3 For computing lottery income, the assessee shall be entitled to any deduction for purchase of lottery tickets
- 4 Vacancy rent is deducted from gross annual value
- 5 Entertainment Allowance shall be fully exempt in case of employees of central government.
- 6 Bonus of earlier year received during the current previous year is not an income from salary for that current year
- 7 Share of income received by a member of HUF is fully taxable.
- 8 An Indian Company is always treated as Resident in India
- 9 Subletting will be taxable under the head Income from House Property
- 10 The quantum of maximum deduction allowed u/s 80U is Rs 150000

Q 2)A) Mr. James Brown of USA came to India for the first time on 01/04/2017 and started his business in Mumbai. What is his residential status for the assessment year 2019-20?

(08 marks)

Q 2)B) Mr. Abhijit is the owner of Shanti Niketan, a house property which he has let out. He furnishes you the following information:

- | | |
|--------------------|------------|
| a) Municipal Value | Rs 31000/- |
| b) Municipal Tax | Rs 4440/- |
| c) Fair Rent | Rs 39000/- |
| d) Fire Insurance | Rs 800/- |
| e) Ground Rent | Rs 440/- |

Compute his income from house property for AY 2019-20.

(07 marks)

OR

Q 2)C) Mr. Jagjit is the owner of Jagjit Industries details of which are given as under:

Profit & Loss Account for the year ended 31/03/2019

| Particulars | Rs | Particulars | Rs |
|-------------------------------------|----------------|------------------|----------------|
| To Salary to Staff | 360000 | By Gross Profits | 1500000 |
| To Rent | 60000 | | |
| To Commission to dealers | 100000 | | |
| To reserve for bad debts | 80000 | | |
| To depreciation | 125000 | | |
| To entertainment expenses | 175000 | | |
| To advertisement expenses | 47500 | | |
| To bonus to staff | 22500 | | |
| To LIC premium (for self) | 30000 | | |
| To LIC premium (for staff accident) | 30000 | | |
| To vehicle running expenses | 70000 | | |
| To Net Profit | 400000 | | |
| Total | 1500000 | | 1500000 |

Find out the Income from Business / Profession for Assessment Year 2019-20 from the following information:

- Commission to dealers include Rs 15000 paid for medical expenses incurred by the proprietor for himself
- Depreciation as per Income Tax Rules is Rs 150000
- Rs 15000 included in advertisement has been incurred for advertisement in souvenir published by political party
- Entertainment expenses amounting to Rs 30000 was not related to business.

(08 marks)

Q 2)D) Mr. Sharma asks you to compute his income from other sources for AY 2019-20:

| Particulars | Rs |
|--|-------|
| He received an award of appreciation from Government of India | 11000 |
| He received dividend from Indian Company | 6000 |
| Interest on Fixed Deposits received | 12940 |
| Honorarium of Rs 500 for delivering a speech on "Health Awareness" | 500 |
| He was owning a machine of Electro-Cardiogram which was given on hire to Dr. Jagdish Prasad. He received hiring charges of Rs 42000. He incurred Rs 11800 expenses on maintenance and depreciation allowable | |

as per Income Tax rules was ascertained as Rs 12200.

(07 marks)

Q 3)A) From the following income of Mr. Rohit for the previous year 2018-19, compute his gross total income for the assessment year 2019-20 if he is:

- Resident and Ordinarily Resident
- Resident but Not Ordinarily Resident
- Non-Resident

| Sr. No. | Particulars | Amount |
|---------|---|--------|
| 1 | Dividend Received from McDonalds Ltd, a USA Company in USA | 18000 |
| 2 | Rent received from house in Kolkata | 60000 |
| 3 | Income from Agriculture in Sri Lanka | 50000 |
| 4 | Income from business in Dhaka, controlled from Mumbai | 60000 |
| 5 | Rent from office property in UK credited to bank account in Switzerland | 20000 |
| 6 | Income from profession in Nairobi received in Nairobi which was set up in India | 30000 |
| 7 | Past untaxed profits brought to India | 10000 |
| 8 | Royalties from Indian Companies | 40000 |

(08 marks)

Q 3)B) Mr. Zavier purchased a house on 01/03/2003 for Rs 126000. He made some improvements in July 2007 at Rs 387000 and sold the house during the previous year for Rs 2000000. Compute the capital gains for AY 2019-20 if CII is 105 for 2002-03 and 129 for 2007-08.

(07 marks)

OR

Q 3)C) The following are the particulars of the income and expenses of Prof. Frank, employed with MIT College, Pune for the year ended 31/03/2019:

| Sr. No. | Particulars | Rs |
|---------|--|------------|
| 1 | Gross Salary | 25000 p.m. |
| 2 | Rent free bungalow, perquisite value of which is Rs 60000 p.a. | |
| 3 | Leave salary (fully taxable) | 12000 |
| 4 | Bonus | 20000 |
| 5 | Arrears of salary | 200000 |
| 6 | Profession tax | 200 p.m. |
| 7 | Examinership fees received from his college | 6000 |
| 8 | Examinership fees received from University | 5000 |
| 9 | He has spent Rs 4400 for purchase of books for | |

| | | |
|----|--|-------|
| | the purpose of his employment | |
| 10 | He received Rs 3000 for writing articles in The Economic Times | |
| 11 | Received from giving tuitions to students | 30000 |
| 12 | Received Award of Best Teacher from Government of Maharashtra | 11000 |

Compute Income from Salaries for Assessment Year 2019-20.

(15 marks)

Q 4)A) Mr. Vinay purchases a residential flat on 01/06/2003 for Rs 430000. In July 2003, he spends Rs 175000 on improvement of the flat. On 20/08/2018, Mr. Vinay sells the flat for Rs 3000000.

Mr. Vinay is employed with M/s. Tata Ltd. and provides you the following information:

- | | |
|--|---------------|
| a) Net Salary | Rs 15000 p.m. |
| b) Income tax deducted at source | Rs 1050 p.m. |
| c) Profession Tax deducted at source | Rs 2500 p.a. |
| d) Provident Fund deducted at source | Rs 880 p.m. |
| e) LIC premium deducted from salary | Rs 2000 p.m. |
| f) Club fees met by employer | Rs 15000 |
| g) Arrears of salary | Rs 9660 |
| h) He also paid Rs 11000 to annuity plan of LIC. | |

Compute his total income taxable for AY 2019-20 if CII for 2003-04 is 109.

(15 marks)

OR

Q 4)B) Shri Dhansukh has prepared the following Profit and Loss Account for the year ended 31/03/2019. Mr. Dhansukh has incurred expenses on medical treatment of his father who is totally blind and depending on him only Rs 38000. He paid mediclaim insurance premium for himself Rs 3550. You are required to ascertain his total taxable income for the year ended on that date:

| Particulars | Rs | Particulars | Rs |
|-------------|-------|---|--------|
| To salaries | 43000 | By Gross Profit | 300000 |
| To rent | 22400 | By rent from house property (tenant bearing municipal taxes amounting to Rs 1500 yearly) | 6000 |

| | | | |
|------------------------------|---------------|--|---------------|
| To loss due to theft | 2000 | | |
| To discount | 1000 | | |
| To LIC premium paid | 500 | | |
| To reserve for bad debts | 1000 | | |
| To donations | 500 | | |
| To interest on loan | 2000 | | |
| To interest on capital | 3000 | | |
| To repairs to house property | 500 | | |
| To income tax | 2000 | | |
| To net profit | 228100 | | |
| | 306000 | | 306000 |

(15 marks)

Q 5)A) Write a note on short term capital gains.

(08 marks)

Q 5)B) Explain the provisions under section 6.

(07 marks)

OR

Q 5)C) Write short notes on (any 3 out of 5)

(15 marks)

1. Deduction u/s 80U.
2. Deemed to be Let Out House Property
3. Perquisites
4. Residential Status of Hindu Undivided Family
5. Deduction from Income from House Property
