

Sy BFM set - IV

April - 2018

UNIVERSITY PAPER

S.Y.B.F.M

SEM-IV

APRIL -2018

24-04-18.

Business Law-II Q. P. Code: 33300

Time: 2:30 Hours

Marks: 75

Q 1)A) Choose the most appropriate answer from the following and rewrite the statements (any 8) (8 marks)

1. Articles are subordinate to
 - a) Memorandum
 - b) Members
 - c) Directors
 - d) Shareholders
2. Joint members of a company are treated as
 - a) Two separate members
 - b) A single member
 - c) Double members
 - d) Depends on the company
3. There are _____ types of opposition in case of patents
 - a) 2
 - b) 3
 - c) 4
 - d) 5
4. Every person who deals with a company is presumed to have inspected its public documents. It is known as
 - a) Constructive notice
 - b) Public notice
 - c) Press notice
 - d) Indoor notice
5. A mark which is capable of distinguishing the goods or services of one person from those of others is known as
 - a) Copyright
 - b) Trademark
 - c) Patent
 - d) Design
6. No public notice is to be given in case of
 - a) Minor attaining majority
 - b) Retirement of a partner
 - c) Death of a partner
 - d) None of the above

7. Prior to the Indian Partnership Act, 1932, the law of partnership was provided in
 - a) Sale of Goods Act, 1930
 - b) Indian Contract Act, 1872
 - c) Transfer of Property Act, 1908
 - d) English Partnership Act, 1890
8. Every designated partner of an LLP shall obtain
 - a) Aadhar card
 - b) DPIN
 - c) APN
 - d) Nationalised Bank Account No.
9. Hypothecation means a charge on
 - a) Movable property
 - b) Immovable property
 - c) Charged property
 - d) Borrowed property
10. The members of SEBI are appointed by
 - a) Central Government
 - b) State Government
 - c) Court
 - d) Lok Sabha

Q 1)B) State whether the following statements are true or false (any 7) (7 marks)

1. Registration of a company is compulsory under the Companies Act, 2013
2. The quorum, in the case of a public company, shall be 15 members personally present, if the number of members as on the date of meeting exceeds 5000.
3. Articles embodies rules, regulations and bye-laws for internal management of the company
4. Collective trademarks are not a particular category of trademarks
5. The term of copyright in photographs shall be 60 years
6. There must be a written agreement between all the partners under the Indian Partnership Act, 1932
7. A partner can be expelled if expulsion is in good faith
8. Partners are agents of one another in case of LLP
9. A company can make a public issue without making its existing shares fully paid up
10. The lock-in period for promoters' contribution in a public issue is a minimum of 5 years

Q 2)A) What is a company? What are the various types of companies? (15 marks)

OR

Q 2)P) What are the modes of acquiring membership of a company? (8 marks)

Q 2)Q) Explain the different types of meetings in a company. (7 marks)

Q 3)A) State the things which are patentable and not patentable under Patents Act, 1970? (8 marks)

Q 3)B) Write a note on infringement of copyrights. (7 marks)

OR

Q 3)P) What is a trademark? State and explain the different types of trademark. (8 marks)

Q 3)Q) Explain the concept of intellectual property. (7 marks)

Q 4)A) Define partnership. What are the essential elements of a partnership? (8 marks)

Q 4)B) State and explain the types of partners in a partnership firm. (7 marks)

OR

Q 4)P) Distinguish between Limited Liability Partnership and Partnership Firm. (8 marks)

Q 4)Q) What are the characteristics of a Limited Liability Partnership? (7 marks)

Q 5)A) What are the functions of SEBI? (8 marks)

Q 5)B) What are the guidelines w.r.t. pre and post issue obligations? (7 marks)

OR

Q 5) Write short notes on (any 3):

(15 marks)

1. Lifting of Corporate Veil
2. Author of Copyrights
3. Types of Partnership
4. Guidelines for issue of debt instruments
5. Corporatisation and Demutualisation

25-04-18

Foreign Exchange Markets

Q. P. Code: 34001

Time: 2:30 hours

Marks: 75

Note

- All questions are compulsory subject to internal choice.
- Use of commercial calculators is allowed.

Que. 1 A) State whether the following statements are true or false (ANY EIGHT) 08

1. US dollar is accepted as a universal vehicle currency.
2. Forward exchange rate is the rate at which exchange of one currency to another at the present date at a specific date in future
3. Crawling Peg is an exchange rate regime usually seen as part of fixed exchange rate.
4. Any company operating globally can deal in foreign currencies.
5. Stable economies are able to maintain exchange rate that pegged to strong currencies.
6. Exchange rate is determined by traders.
7. Geographically arbitrage is also known as triangular arbitrage.
8. Speculation involves trading of financial instrument involving low risk, in expectation of significant returns.
9. Credit risk is based on government's inability to meet its loan obligation.
10. The most common type of forward market is a spot against forward.

Que. 1 B) Match the following (ANY SEVEN) 07

Column A	Column B
1. IMF-fixed exchange rate	a. Effective Exchange Rate Index
2. Tom transaction	b. Option giving the buyer the right but not the obligation to buy a currency
3. NOSTRO a/c	c. Black market for currency trading
4. VOSTRO a/c	d. Fixed price of buying and selling option
5. Hawala market	e. Option giving the buyer the right but not the obligation to sell a currency
6. EER	f. Gold standard
7. One Law Price	g. Your account with us
8. Strike Price	h. T+1
9. Call Option	i. Our account with you
10. Put Option	j. $e = P/P^f$

Q.2 A) What is an exchange rate? What are the various factors determining an exchange rate? 08
 B) Who are various participants of foreign exchange markets? 07

OR

Q.2 C) What are the features of Gold Standard System? 08
 D) Differentiate between fixed and flexible exchange rate systems. 07

Q.3 A) Explain the objectives and feature of FERA. 08
 B) Draw a historic timeline to the India's Exchange Rate System. 07

OR

Q.3 C) Calculate GBP/INR Quotation if USD/INR 53.8425-75 and GBP/INR 1.5365-75. And calculate Spread for GBP/INR. 08

D) Identify the countries in which the following quotations will be “Direct” and convert them to “Indirect” form.

07

- a) EUR/USD 1.2872-1.2882
- b) USD/INR 54.3340-54.3390
- c) GBP/USD 1.5493-1.5403
- d) USD/AUD 0.9681-0.9690

1.5503

- Q.4 A) Write a brief note about different types of foreign exchange contracts. 08
 B) What are foreign exchange futures contract? Enlist its advantages and disadvantages. 07

OR

- Q.4 C) Calculate triangular arbitrage if 08
 USD/GBP 0.6530-0.6540
 USD/CAD 1.0408-1.0418
 GBP/CAD 1.5898-1.5908

D) Calculate the outright forward quotations for USD/INR and USD/CHF 07

Spot	USD/INR 54.6315-45	USD/CHF 0.9475-85
Spot/December	865-925	10-5
Spot/January	2010-2130	25-15

- Q.5 A) Differentiate between Direct and Indirect Rate. 08
 B) What are different types of risks in a foreign exchange market? 07

OR

- Q.5 Write short notes on (any three): 15
- i. Current account convertibility
 - ii. SWIFT
 - iii. Arbitrage and Hedging
 - iv. Purchasing Power Parity (PPP) Theory
 - v. FEDAI

Marks-75

Duration: 2.5 hours

- 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 the correct answer: (Any eight)

(08)

1. EPS is _____.
 a) Economic Per Share c) Earnings Per Share
 b) Earnings Per Statement d) None of these
2. _____ has to be financed from short term sources of funds.
 a) Working Capital c) Preference Shares
 b) Debentures d) Investments
3. The most crucial financial decisions of the organisations are taken by _____.
 a) Lower Level management c) Higher Level management
 b) Middle Level management d) none of these
4. Marginal Costing helps in _____ making.
 a) Decision c) business
 b) Profit d) none
5. The excess of sales over and above BEP is _____.
 a) Contribution c) MOS
 b) Fixed Cost d) None
6. Payback Period is _____ method of assessing capital expenditure decisions.
 a) Traditional c) modern
 b) None d) both
7. _____ shares are free shares issued to shareholders.
 a) Bonus b) Rights
 b) Equity d) Preference
8. Receivable managements deals with _____ management.
 a) Creditors c) Debtors
 b) Top level management d) Lower level management
9. A _____ can be discounted with the Banker.
 a) Bill of Exchange c) Cheque
 b) Invoice d) None
10. $MOS (Units) = \frac{Profit}{_____}$.
 a) Variable Cost per unit c) Fixed Cost per unit
 b) Contribution per unit d) None

Q.P. Code: 35550

Q-1) (B) Match the columns: (Any seven)

(07)

Column A	Column B
1. Working Capital	a. More than future value
2. Commercial Paper	b. Less than future value
3. Debentures	c. Price Earning
4. Preference shares	d. Price Equity
5. Capital Budget	e. NPAT plus Depreciation
6. Capital Structure	f. Contribution
7. Sales – Variable Cost	g. CA- CL
8. Cash Inflow is	h. Debtors
9. Full form of P/E Ratio	i. Creditors
10. Present Value of a rupee	j. Fixed Interest
	k. Fixed Dividend
	l. Long term decisions
	m. Short term money market instruments
	n. Mix of debt & equity

Q-2) Camlin Ltd has the following capital structure as on 31st March, 2018.

(15)

Particulars	Rs.
Ordinary Shares (4,00,000 shares)	80,00,000
10% Preference Shares	20,00,000
14% Debentures	60,00,000

The shares of the company are presently selling at Rs. 20 per share. It is expected that the company will pay next year dividend of Rs. 2 per share which will grow @ 7% forever. Assume tax rate of 40%. You are required to

- Compute the weighted average cost of capital based on existing capital structure.
- If the company raises an additional Rs. 40 lakhs debt by issuing 15% debentures, the expected dividend at year end will be Rs. 3, the market price per share will fall to Rs. 15 per share, the growth rate remaining unchanged. Calculate the new weighted average cost of capital.

OR

Q-2) Warner Bros. has currently an ordinary share capital of Rs. 25 lakhs, consisting of 25,000 shares of Rs. 100 each. The management is planning to raise another Rs. 20 lakhs to finance major programme of expansion through one of four possible financial plans. The plans are: (15)

- Entirely through ordinary shares.
- Rs. 10 lakhs through ordinary shares and Rs. 10 lakhs through long-term borrowing at 8 percent interest per annum.
- Rs. 5 lakhs through ordinary shares and Rs. 15 lakhs through long-term borrowing at 9 percent interest per annum.
- Rs. 10 lakhs through ordinary shares and Rs. 10 lakhs through preference shares with 5 percent dividend.

The company's expected earnings before interest and taxes (EBIT) will be Rs. 8 lakhs. Assuming a corporate tax rate of 50%, determine the EPS in each alternative. Also calculate the financial leverage for each alternative.

Q.P. Code: 35550

Q-3) The trading results of Tiger Shroff & Co. for the last two years are: (15)

Year ended	Sales (Rs.)	Profit (Rs.)
31.03.2017	1,00,000	20,000
31.03.2018	1,50,000	40,000

Calculate:

- Profit-Volume Ratio.
- Fixed Costs.
- Break even Sales Volume.
- Sales to earn a profit of Rs. 30,000
- Profit when sales are Rs. 80,000.
- MOS for year ended 31.03.2018.

OR

Q-3) (a) Explain components of cost of capital. (08)
(b) Explain advantages and disadvantages of Bonus shares. (07)

Q-4) A company can make either of two investments. Assuming a required rate of return of 10%, determine for each project: (15)

- The Payback Period
- Payback Profitability and
- Average Rate of Return

You may assume straight line of depreciation.

	Project P	Project Q
Cost of investment (Rs.)	2,00,000	2,80,000
Expected life (No salvage)	5 years	5 years
Projected Net Income (after taxes)		
Year	Rs.	Rs.
1	10,000	24,000
2	10,000	24,000
3	20,000	24,000
4	20,000	24,000
5	20,000	24,000

OR

Q.P. Code: 35550

Q-4) A company is considering two mutually exclusive projects. The finance director considers that the project with higher NPV should be chosen; whereas the managing director thinks that one with higher IRR should be considered. Both the projects have got a useful life of 5 years and the cost of capital is 10%. The initial outlay is Rs. 5 Lakhs.

The future cash inflows from Project X & Y are as under:-

(15)

Year	Project X	Project Y	PV Factor at 10%	PV factor at 20%
1	1,35,000	1,80,000	0.91	0.83
2	1,80,000	1,70,000	0.83	0.69
3	1,90,000	1,40,000	0.75	0.58
4	1,75,000	1,14,000	0.68	0.48
5	1,20,000	1,13,000	0.62	0.41
			3.79	2.99

You are required to evaluate the projects based on NPV and Profitability Index. Also calculate

IRR taking 10% & 20% discounting factors.

Q-5) (a) Explain Capital Expenditure Decisions and its method in detail?

(08)

(b) Explain types of preference shares.

(07)

OR

Q-5) Write short notes on: (Any three)

(15)

- 1) Features of Corporate Finance
- 2) Marginal Costing
- 3) WACC
- 4) Qualities of Finance Manager
- 5) Under Capitalisation.

SY B7M IV
27-04-18

Business Economics. Q. P. Code: 35296
II

(2 ½ Hours)

[Total Marks: 75]

- N.B : (1) **All Questions are Compulsory.**
(2) **Figures** to the right indicate **full** marks.
(3) Draw **neat diagram** wherever necessary.

Q1A. State whether the following statement are **True OR False (Any 8)**

8

1. National income comes under the scope of microeconomics.
2. Trade cycles are recurrent in nature.
3. Expansion of money supply leads to generation of inflation in the economy.
4. During recession, Repo rate is increased.
5. Incidence of tax refers to the final burden of a tax.
6. Public expenditure refers to the expenditure of an individual.
7. Foreign portfolio investment is the flow of foreign capital in the form of equity capital.
8. Foreign exchange market helps in coverage of risks.
9. Central bank is an important participant in foreign exchange market.
10. Spot exchange rate is determined by demand and supply of foreign exchange.

Q1 B. Match the following pair (Any 7)

7

Group 'A'	Group 'B'
1) National Income	a) Cost push
2) Aggregate Demand Function (ADF)	b) Revenue and Capital Account
3) High powered money	c) Classical theory of international trade
4) Inflation	d) Commercial Bank
5) Fiscal policy	e) Net National Product (NNP)
6) Union Budget	f) Current Account
7) David Ricardo	g) Public expenditure
8) Import of goods	h) Money supply
9) Forward Exchange rate	i) Maximum amount of sales proceeds
10) Participant in foreign exchange market	j) Future delivery

Q2A) Explain the circular flow of income in a three sector model. 8

Q2B) Describe the consumption functions with a help of a diagram. 7

OR

Q2C) Explain the aggregate demand function (ADF) and aggregate supply function (ASF) in detail. 8

Q2D) Define macro economics. What is its scope? 7

Q3A) Explain the liquidity preference approach to demand for money. 8

Q3 B) Describe the nature of inflation in a developing economy. 7

OR

Q3C) Define velocity of circulation of money. What are the determinants of velocity of circulation of money? 8

Q3D) Describe the various selective instruments of monetary policy. 7

Q4A) What are various effects of taxation. 8

Q4B) Explain in brief the Principles of sound and functional finance. 7

OR

Q4C) Describe the various instruments of fiscal policy. 8

Q4D) Explain the main features of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003. 7

Q5A) Explain the role of multinational corporations. 8

Q5 B) What are the monetary measures to correct disequilibrium in Balance of Payment. 7

OR

Q5) Write short notes on the following. (Any3) 15

- a) Multiplier
- b) Cash transaction approach
- c) Extent debt burden
- d) Policy of protection
- e) Flexible exchange rate

Debt Markets - II

Q.P. Code: 31401

Duration: 2.30 Hours

Marks: 75

- N.B: 1) All questions are compulsory.
2) Working note should form part of answer.

Q1 (A) Choose the correct option and rewrite the statement: (Any 8) (08)

1. _____ bond has higher risk.
(a) Junk (b) Corporate (c) Puttable (d) Zero Coupon
2. Yield and Price have _____ relationship.
(a) No (b) Direct (c) Inverse (d) Weighted Average
3. _____ is a plain vanilla bond.
(a) Straight Bond (b) Zero Coupon Bond (c) Callable Bond (d) Puttable Bond
4. _____ refers to sale and purchase of securities in the money market by the central bank.
(a) Open Market Operation (c) Reverse Repo
(b) Monetary Policy (d) Money Market
5. _____ portfolio includes stocks/bonds with high risk/high return.
(a) Aggressive (b) Passive (c) Market Linked (d) Neutral
6. An example of leading economic indicators includes _____.
(a) Consumer Price Index (c) Trade Balance
(b) Consumer expectations (d) Gross Domestic Product
7. A callable bond pays an investor a _____ coupon than a non-callable bond.
(a) Lower (b) Higher (c) Same (d) Zero
8. Effective duration is a duration calculation for bond that have _____.
(a) Longer Maturity (b) Embedded Options (c) Shorter Maturity (d) No Options
9. Hybrid bonds have the features of both _____ and Debenture.
(a) Bond (b) Equity (c) Options (d) Futures
10. Bond with _____ gives a bond issuer the right, but not the obligation.
(a) Put Option (b) Call Option (c) Hybrid bond (d) No Options

Q1 (B) Match the Following Columns: (Any 7) (07)

Column A	Column B
1. Fixed income security	a. Management of a bond portfolio
2. Default risk	b. Standard deviation of the difference between the return of a fund/index and its benchmark index
3. Convexity	c. Portfolio that have minimum return regardless of interest rate changes
4. Price value of a basis point	d. Bond
5. Coincident indicators	e. Indicator for deciphering manufacturing activity in the country
6. Index of Industrial Production	f. Created from pool of mortgage assets; typically first mortgages on homes
7. Mortgage-backed securities	g. Credit risk
8. Bond strategy	h. Measure of interest rate sensitivity
9. Tracking error	i. Price sensitivity of a fixed income security in monetary terms
10. Classical immunization	j. Change at the same time as the overall economy

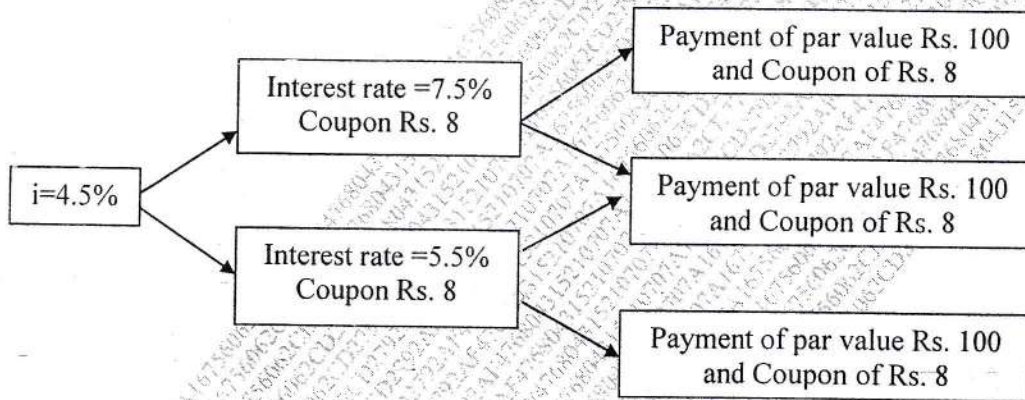
Q.P. Code: 31401

- Q2 (a) Define Fixed Income Securities. Explain its advantages and disadvantages. (08)
Q2 (b) What are the factors investors should keep in mind while trading or investing in corporate bonds? (07)

OR

- Q2 (c) Explain the risks associated with fixed income securities investing. (08)
Q2 (d) Calculate fair value of an 8 year, 12% coupon bond with par value Rs. 100 on which interest is payable semi-annually, if the required return on this bond is 14%. (07)

- Q3 (a) Explain the concept of bonds with embedded options (07)
Q3 (b) A 8% annual coupon bond has 2 years to maturity. The interest rate tree is shown in the figure below. Calculate the value of the bond today if face value is Rs. 100. (Bond is option free) (08)



OR

- Q3 (c) What is Duration? Explain Modified Duration. (07)
Q3 (d) Calculate Macaulay Duration of 10% annual coupon paying 5 years bond of Rs. 1000 face value. Bond is currently yielding 5%. (08)

- Q4 (a) What are Economic Indicators? Explain its Types. (08)
Q4 (b) Explain the impact of Sub Prime Crisis on India. (07)

OR

- Q4 (c) What is GDP? How does it affect bond markets and Currency? (07)
Q4 (d) Explain the causes of subprime crises. (08)

- Q5 (a) What do you mean by Bond Portfolio Management Strategy? Explain the bond investment management process. (08)
(b) What do you mean by Active Bond strategy? Explain its strategies. (07)

OR

- Q5. Write short notes on: (Any 3 out of 5) (15)
(a) Convexity
(b) Junk Bonds
(c) Bond Indexing
(d) Inflation Linked Bonds
(e) Passive Management Strategy

SYBFM
3105/18

Markets - II
Equity Markets
Q.P. Code: 33561

Duration: 2.5 hours

Marks: 75

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

Q1. A. Fill in the blanks: (Any 8)

8 Marks

1. The settlement cycle now is _____
 - a. T+1
 - b. T+2
 - c. T+3
 - d. T+4

2. The screen based trading system introduced by the NSE is called as _____
 - a. BOLT
 - b. NEAT
 - c. Bloomberg
 - d. Reuters

3. The law governing companies in India is _____
 - a. Indian Companies Act 1956
 - b. Company Law Board
 - c. Securities and Contract Regulation Act, 1956
 - d. Industrial Disputes Act, 1932

4. _____ issue is when a listed company proposes to issue fresh securities to its existing shareholders.
 - a. Initial Public Offering
 - b. Dividend
 - c. Rights Issue
 - d. Sweat Equity

5. One of the following is a Macroeconomic factor affecting share prices : _____
 - a. Management Profile
 - b. PE Ratio
 - c. Dividend
 - d. Government Interference

6. _____ relies on charts on past data and volume.
 - a. Fundamental Analysis
 - b. Technical Analysis
 - c. Value Analysis
 - d. None of the above

7. _____ refers to a valuation of a firms current share price compared to its earnings per share.
 - a. PE Ratio
 - b. Dividend
 - c. Yield
 - d. Volume

8. According to _____ approach, the cost of equity shares is based upon the stream of unchanged earnings earned by the company.
- Earnings to Price
 - PE
 - Dividend Cover
 - Price to book value
9. The _____ form of the EMH states that the current price fully incorporates all existing information, private and public.
- Semi Strong
 - Weak
 - Strong
 - None of the above
10. _____ settles trades executed at the NSE.
- NSCCL
 - BSCCL
 - CCIL
 - NSDL

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

7 Marks

- The Securities Contracts (Regulation) Act, 1956 was enacted by the Government of India.
- RBI came into existence on 1st April 1935.
- A Professional Clearing Member is also a Trading Member.
- There are 13 clearing banks of the NSE.
- Share prices would gradually increase during recovery conditions and fall during recession.
- Under multiple growth model, changing growth rates are applied to different time period.
- Resistance levels are prices where selling is thought to be strong enough to prevent prices from rising higher.
- According to circuit breaker system of the SEBI, if market volatility crosses a certain limit, trading will be stopped for a defined time period.
- According to technical analysis "history repeats itself".
- RBI is the regulator of the equity markets.

Q2. A. What is Dematerialization? What are its advantages and disadvantages?

8 Marks

B. Explain Registrar and Transfer Agents and their regulatory role.

7 Marks

OR

C. Explain Volatility Index VIX. What are the causes of Volatility?

8 Marks

D. Explain the powers and functions of SEBI in the equity markets.

7 Marks

Q3. A. What is Fundamental Analysis? What are its strengths and weaknesses?

8 Marks

B. Explain Technical Analysis and its methods.

7 Marks

OR

- C. What are the factors affecting share prices? 8 Marks
- D. Explain the IPO Process in detail. 7 Marks

- Q4. A. Explain the Brownian Motion and its limitations. 8 Marks
- B. Explain the three forms of the Efficient Market Hypothesis. 7 Marks

OR

- C. Explain the stochastic models in equity markets. 8 Marks
- D. Explain the concept of Beta in the equity markets. 7 Marks

- Q5. A. Explain brokers and their registration process in the SEBI. 8 Marks
- B. Explain the objectives and the types of market in the NEAT system. 7 Marks

OR

Q5. Write short notes on: (Any three) 15 Marks

- a. BOLT
- b. NSCCL
- c. Private Placement
- d. Role of SEBI
- e. Disinvestment

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Personal Financial Planning

Q.P. Code: 33567

Time: 2.5 hours

Marks: 75

Note: All Questions are Compulsory / The abbreviation PFP stands for Personal Financial Planning.

Q.1. (A) Match the columns (any 8)

(8)

Sr.No.	Column A	Sr.No.	Column B
1	Emotionally attached to investments	a	Personal Financial Planning
2	Collecting Client's information	b	Don't keep all the eggs in the same basket
3	Future financial planning	c	Total Return
4	Investment Goals	d	High risk profile
5	Health insurance & mediclaim	e	Financial planning technique
6	Budgeting & forecasting	f	Health and medical planning
7	Future & options	g	Purchasing House
8	HPR	h	Forecasting
9	Diversified portfolio	i	Second step of Financial Planning process
10	Financial planning for individuals	j	Emotional mistake

Q.1 (B) True / False (any 7)

(7)

- 1) Planning how to accumulate enough money for large purchases and life events is what most people consider to be financial planning.
- 2) Information available in the cash flow statement is useful in assessing the ability of an enterprise to generate cash.
- 3) Cash controlling becomes essential as it increases the availability of usable cash.
- 4) Budgeting & forecasting means the same concept.
- 5) Nominal annual interest rate is the interest rate earned as a result of compounding over a given period of time.
- 6) CAGR is the compounded rate which equals the end value of the investment with its beginning value.
- 7) Net worth = Total assets less external liabilities.
- 8) High P/E ratio is one of the most commonly used metric in value investing.
- 9) People buy high and sell low is the drawback of basic investment style.
- 10) Determining current financial position of the client is not required while preparing financial plan.

Q.2

- (a) Explain the six steps in the financial planning process. (8)
- (b) Explain Retirement planning & Cash management as principles of PFP. (7)

OR

Q.2

- (p) Explain the process to Review & Revise the financial plan. (8)
- (q) Explain the concept of Personal Financial Planning. (7)

Q.3 Prepare Cash budget from the data given below for a period of six months (15)

Month	Sales (Rs.)	Purchase (Rs.)
May	75,000	37,500
June	75,000	37,500
July	1,50,000	52,500
August	2,25,000	3,67,500
Sept	3,00,000	1,27,500
Oct	1,50,000	97,500
Nov	1,50,000	67,500
Dec	1,37,500	-

Additional Information:

- 1) Collection estimates: 5% within the month of sales, 80% during the month following the sales, 15% during the second month following the sales.
- 2) Payment for raw materials is made in the next month.
- 3) Salary Rs.11,250, Lease payment Rs.3,750, Misc. expenses Rs.1,150, are paid each month.
- 4) Monthly depreciation is Rs.15,000.
- 5) Income tax Rs.26,250 each in September and December.
- 6) Payment towards research in October Rs.75,000
- 7) Opening Balance on 1st July Rs.55,000

OR

Q.3

- (p) Discuss the disadvantages of budgeting & forecasting. (8)
- (q) Discuss budget monitoring process in brief. (7)

Q.4 M/s. PNP limited has an investment opportunity of Rs.40,000 with the following cash flow position.

(15)

Year	Cash inflow	PV factor	
		@10%	@15%
1	7,000	0.909	0.870
2	7,000	0.826	0.756
3	7,000	0.751	0.658
4	7,000	0.683	0.572
5	7,000	0.621	0.497
6	8,000	0.564	0.376
7	10,000	0.513	0.376
8	15,000	0.467	0.327
9	10,000	0.424	0.284
10	4,000	0.386	0.247

Calculate Net present value at 10% & 15% discounting factors and also calculate Internal rate of return.

OR

Q.4 Prepare an amortization schedule from the following information, assuming that the amount is an equated annual instalment.

(15)

Amount borrowed: Rs.6,50,000

Compounded Annual Interest: @10%

Repayment period: 8 Years

Annuity factor for 10% for 8 years is 5.33493

Q.5

(a) Mention characteristics of value investing strategy stocks.

(8)

(b) Explain the role of emotions in financial decision making.

(7)

OR

Q.5 Short Notes (any 3)

(15)

1) Motives of holding cash

2) Real rate of return

3) Holding period return

4) Savings ratio

5) Solvency ratio
