

Date: 07/10/24

S.Y.B. Com (BBI) Semester - III
Subject: IT in Banking & Insurance
Duration: 2.5 hours

Marks: 75 marks

Instructions for the candidate:

1. This question paper contains 2 pages
2. Answers to each new question should begin on a fresh page.
3. Figures on the right-hand side indicate full marks.
4. Use of simple calculator is allowed.

Q1A) Multiple Choice Questions (any 8 out of 10)

8 marks

1. Which of the following describe e-commerce _____
a) Doing Business Electronically b) Doing Business offline
c) sale of goods d) None of above
2. _____ is simply refers to the merging of different types of mass media such as Traditional Media, Print Media, Broadcast Media, New Media and Internet media.
a) Firewall b) Business to Customer
c) E-Commerce d) Media Convergence
3. HTTP Stands for _____
a) Hypertext Markup Language b) Hypertext Middle Language
c) Hyperlink Markup Language d) None of above
4. _____ short key used to copy text/value.
a) Ctrl + P b) Ctrl + A
c) Ctrl + C d) Ctrl + D
5. _____ is a computer network made up of thousands of networks sharing resources worldwide.
a) Intranet b) Internet
c) Extranet d) VPN
6. _____ supplies networking capability to a group to computers in close proximity.
a) PAN b) LAN c) WAN d) VPN
7. _____ is customization toolbar that contains commands that you want to use.
a) PMT b) Open
c) Quick Access Toolbar d) None of above
8. _____ provide customers access to general information about the Bank and its products or services.
a) E-Commerce b) Informational Website
c) Transactional Website d) EPS
9. _____ function can be used when you want to add the values in a range if the specific criteria is meet.
a) Sum b) Add
c) Sumif d) Max
10. _____ at first glance will appear to be useful software but will actually do damage once installed or run on your computer.
a) Virus b) Worm
c) Linux d) Trojan Horse

- Q1B) True or False(any 7 out of 10)** **7 marks**
1. Getting a series of number automatically is call AUTOSUM.
 2. E- Commerce permits customers, consumers, and companies to form relationship that would not be possible without technology.
 3. Amazon is an example of G to G site.
 4. EDI stands for Electronic Disk interchange.
 5. E-Banking is supporting to e-commerce.
 6. Star topology is the central node and all other noes are connected to the central node as client.
 7. SMS banking and Mobile baking is part of E-banking.
 - 8.. Getting the total of values automatically is called as Auto Sum.
 9. Ctrl + X is use to Save file.
 10. Digital Signature is Like Electronic Signature.
- Q2 A What is E-Commerce? Advantages of E-commerce? 8 Marks
 Q2 B Explain Network Access Equipment's? 7 Marks
- OR**
- Q2 P What is LAN, WAN? Advantages and disadvantages? 8 Marks
 Q2 Q What is Communication software? Example of Communication Software? 7 Marks
- Q3 A What is E-banking? Explain Advantages and Limitation of E-banking? 8 Marks
 Q3 B What is legal framework of E-banking? 7 Marks
- OR**
- Q3P What is EPS? Explain Smart Card and UPI in brief? 8 Marks
 Q3 Q Explain E-banking? Explain E-Banking support Services? 7 Marks
- Q4 A Explain the Mail merge? Steps to create mail merge? 8 Marks
 Q4 B Explain the importance of formatting techniques in MS Word and Provide examples of key formatting techniques? 7 Marks
- OR**
- Q4P Explain Page orientation, Title page, Page border, Format painter. 8 Marks
 Q4 Q What is Network? Explain Various Networking devices? 7 Marks
- Q5 A Explain various categories of cyber-crimes. 8 Marks
 Q5 B What is Cryptography? Four Objectives of Cryptography? 7 Marks
- OR**
- Q5 Write Short Notes On (any 3)** **15 Marks**
- 1 Risk Management
 - 2 Firewall
 - 3 Trojan Horse
 - 4 Cell Reference & its Types.
 - 5 Home Tab Three Option

Instructions for the candidate:

1. This question paper contains 6 pages
2. Answers to each new question should begin on a fresh page.
3. Figures on the right-hand side indicate full marks.
4. Use of simple calculator is allowed.

Q 1.A. True or False (8 out of 10)

8 M

1. Mr. Anuj Is physically handicapped person (85%) as certified by medical authorities. He can claim Rs. 1,25,000 as deduction u/s. 80DD.
2. Vinay received gift from his father which is Taxable in Vinay's 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 Assessee for himself and spouse who are not a senior citizen can claim 50,000 as deduction u/s. 80D
6. Gratuity received by government employee is fully taxable.
7. Previous year can be of less than 12 months.
8. Short term capital gain arise on transfer of listed shares and units when the holding period is less than 24 months.
9. There are 4 types of House property.
10. The CII of 2001-2002 is 100.

Q 1.B. Match the Column (any 7 out of 10)

7 M

- | | A | B |
|-----|-------------------------|------------------------------|
| 1. | Sec. 16 deductions | a. No indexation |
| 2. | SO House property | b. Above 5 years of service |
| 3. | Sec. 80TTA | c. Non taxable |
| 4. | 348 | d. Assessment year |
| 5. | Resident | e. Exempted Income |
| 6. | Scholarship | f. Satisfies Basic Condition |
| 7. | 2024-25 | g. CII for 2023-24 |
| 8. | Remittance In India | h. Deduction of SB Interest |
| 9. | Gratuity | i. GAV is NIL |
| 10. | Short Term capital Gain | j. Salary |

Q 2.A.

1. Shri Dhansukh has prepared the following Profit and Loss Account for the year ended 31st March, 2024, Mr. Dhansukh has incurred the expenses on medical treatment etc. of his father who is totally blind (Severely disable) and depending on him only Rs. 38,000. He paid Rs. 3,550 as Mediclaim Insurance Premium for himself. You are required to ascertain his total taxable income for the year ended on that date :
2. He has 2 houses. House property 1 where he is staying and MV of that property is 20,000 and Fair Rent is 22,000. Interest on borrowed capital of this house is Rs. 4,000.

15 M

| Particulars | Rs. | Particulars | Rs. |
|--------------------------|-----------------|------------------|-----------------|
| To Salaries | 43,000 | By Gross Profit | |
| To Rent | 22,400 | By Rent from | 2,50,000 |
| To Loss due to theft | 2,000 | House property 2 | |
| To Discount | 1,000 | (Tenant bearing | |
| To LIC Premium Paid | 500 | the municipal | |
| To Reserve for Bad Debts | | Taxes amounting | |
| To Gift and Presents | 1,000 | to Rs. 1,500 | |
| To Interest on Loan | 500 | yearly) | |
| To Interest on Capital | 2,000 | By Amount | |
| To Repairs to House | 3,000 | received from | |
| Property | | LIC under | |
| To Income Tax | 500 | Keyman | 6,000 |
| To Net Profit | 2,000 | Insurance Policy | |
| | 2,28,100 | | |
| | | | 50,000 |
| | <u>3,06,000</u> | | <u>3,06,000</u> |

OR

Q 2.A.

For the assessment year 2024-25 Mr. Prabhakar submits the following information :
He is Government employee

15 M

Salary Rs. 1,63,000, Dearness allowance 50% of Salary, Bonus Rs. 3,000, Other taxable perquisites Rs. 8,000, Entertainment Allowance 5,000. He owns two houses (outside the jurisdiction of Rent Control Act) from which has has the following income:

| Particulars | House I Rs. | House II Rs. |
|--|----------------|-----------------|
| Fair Rent | 20,000 | 60,000 |
| Municipal Valuation (Gross) | 25,000 | 50,000 |
| Rent Received | 22,000 | ----- |
| Municipal Tax : | | |
| Paid by tenant | 1,000 | |
| Paid by Mr. Prabhakar | 1,500 | 5,000 |
| Interest on capital borrowed (Due but not paid) For the purpose of construction of house property | | |
| Principal repayment of loan | 2,000 | 13,000 |

| | | |
|----------------------|-----------------------|-----------------------------|
| Nature of occupation | 500 | 3,150 |
| | Let out for residence | Self-occupied For residence |

Mr. Prabhakar is physically handicapped person as certified by medical authority with 75% of disability.

Mr. Prabhakar received the interest during the previous year as follows:

- Interest on NSC VIIIth issue Rs. 23,800.
- Interest on Fixed Deposits with S.B.I. Rs. 1,17,800.
- Income from units of UTI Rs. 15,000/-

Calculate his taxable income for the assessment year 2025-26.

Q 3.A. Mr. Harihar from Sri Lanka came to India for the first time on 1st November 2021. He was in India up to 31st October, 2023 on which day he left for Japan and returned back to India on 25th March, 2024. What is his residential status for Assessment Year 2024-25 **8 M**

Q 3.B. Explain Person as per Income Tax Act. **7 M**

OR

Q 3.A. Mr. Jayant, an Indian Citizen, furnishes the following particulars of his income earned during the previous year relevant to assessment year 2024-25. **8 M**

Rs.

| | |
|--|--------|
| -Interest on Nepal Development Bond (1/3 received in India) | 21,000 |
| -Income from Agriculture in Bangladesh | 40,000 |
| -Rent from Property in Japan received outside India | 10,000 |
| -Income earned from Business in London which is Controlled from Delhi (Rs.15,000/receive in India) | 35,000 |
| -Interest paid by an Indian Company But received outside India. | 9,000 |
| -Past untaxed profit brought to India | 33,000 |
| -Profit from a Business in Thane and Managed from outside India | 50,000 |
| -Profit on Sale of Building in Mumbai But received in Sri Lanka | 40,000 |
| - Pension from an Indian employer in India Received in Rangoon | 30,000 |

Find out his gross total income if he is (i) Resident and ordinarily resident; (ii) Resident but not ordinarily resident in India for the assessment year 2024-25.

Q 3.B. Explain Deductions under chapter VIA **7 M**

Q 4.A. Mr. Sushil Kumar who was working as Commissioner of Income Tax, retired on 31st December 2023. **8 M**

Following are particulars of his income relating to the year ending on 31st March, 2024

- Salary received Rs. 9,000/- per month.
- Entertainment Allowance received Rs. 500/- p.m. He spent on entertainment Rs. 350/- p.m. on an average.
- During the month of January, 2024 he received gratuity amounting to Rs. 95,000/-
- He received Rs. 70,000/- the value of commuted Pension on 15th January 2024.

- e) He received uncommuted Pension from Government with effect 1st January, 2024 which becomes due on every last day of the month at the rate of Rs. 3,200.p.m.
 f) He received arrears of salary Rs. 9,400/- on 29th March, 2024.
 g) He incurred the expenses incidental to Employment such as purchase of books, car expenses etc. amounting to Rs. 15,280/-

You are required to compute his taxable income for the assessment year 2024-25.

Q 4.B.

Mr. Indrajeet is the owner of two house properties, Ashokvan and Ramdarshan of which Ashokvan has been self-occupied and other has been let out. Particulars of these properties are as follows:

7 M

| Particulars | Ashokvan Rs. | Ramdarshan Rs. |
|----------------------------------|-----------------|-------------------|
| Actual Rent received (10 Months) | N I L | 84,000 |
| Municipal Valuation | 80,000 | 80,000 |
| Fair Rent | 90,000 | 88,000 |
| Municipal taxes paid | 8,000 | 8,000 |
| Interest on borrowed funds | 17,860 | N I L |
| Fire Insurance | 900 | 1,900 |
| Ground Rent | 750 | 1,800 |
| Land Revenue | 3,850 | 3,900 |

Determine income from house property of Mr. Indrajeet for the assessment year 2024-25 assuming that the loan was taken prior to 1st April, 1999.

OR

Q 4.A.

Mr. Jagjit is the owner of Jajfit Industries particulars of which for the year ended 31st march, 2024 is given below :

8 M

Profit & Loss A/c
For the year ended 31st March, 2024

| | Particulars | | | Particulars | |
|----|----------------------------|-----------|----|--|-----------|
| To | Salary to Staff | 3,60,000 | By | Gross Profit | 10,00,000 |
| " | Rent | 60,000 | " | L.I.C | 5,00,000 |
| " | Commission to Dealers | 1,00,000 | | (Amount received under Keyman Insurance) | |
| " | Reserve for Bad Debts | 80,000 | | | |
| " | Depreciation on Machinery | 1,25,000 | | | |
| " | Entertainment Expenses | 1,75,000 | | | |
| " | Advertisement | 47,500 | | | |
| " | Bonus to Staff | 22,500 | | | |
| " | L.I.C. Premium on Own life | | | | |
| | 30,000 | | | | |
| | Staff (accident) | | | | |
| | 30,000 | 60,000 | | | |
| | Vehicle Running Exps. | 70,000 | | | |
| " | Net Profit | 4,00,000 | | | |
| " | | ----- | | | ----- |
| | | 15,00,000 | | | 15,00,000 |

Following additional information has been provided:

- a) Commission to dealers include Rs. 15,000 paid for medical expenses incurred by the proprietor for himself.
 b) Depreciation allowable on machinery as per Income Tax Rs. 1,50,000/-

- c) Rs. 15,000 include in advertisement has been incurred for advertisement in souvenir published by a political party.
d) Entertainment Expenses amounting Rs. 30,000/- was not related for business purpose.

Compute his income from business for the assessment year 2024-25.

Q 4.B. Mr. Dhavda purchased a commercial property for starting a retail shop, in 1985 for Rs. 1,50,000. He converted it into a departmental store by making further construction in Aug-Dec, 1998, at cost of Rs. 51,000. After his death on 14th August 1989, his son became the owner of the property as per will. He made certain renovation in 2000-01 at a cost of Rs. 60,000 and again in 2006-07 at a cost of Rs.3,90,000. He sold of the property during the previous year at Rs. 40,00,000. The brokerage to the selling agent was 1.25% The FMV of the property as on 1-4-2001 was Rs. 2,00,000. Compute the capital gain for the Assy year 2024-25. (CII for 2006-07 is 122) **7 M**

Q 5.A. Explain different types of House properties with example. **8 M**

Q 5.B. Explain What is not Capital Asset for calculation of Capital Gain. **7 M**

OR

Q 5.C. **Short Notes (any 3 out of 5)** **15 M**

1. Explain who is taxable under Salary ?
2. What is GAV and how do we derive it ?
3. Deduction expressly allowed under Income from Business and Profession.
4. Explain Sec. 54, 54F and 54EC of Income from Capital Gain
5. Explain Residential Status and its importance under Income Tax

Date: 9th Oct, 2024

Marks: 75 marks

Instructions for the candidate:

1. This question paper contains 2 pages
2. Answers to each new question should begin on a fresh page.
3. Figures on the right-hand side indicate full marks.
4. Use of simple calculator is allowed.

Q 1.A. True or False (any 8 out of 10)

8 marks

1. The Reserve Bank of India (RBI) is headquartered in Mumbai.
2. Liquidity refers to the ease with which an asset can be converted into cash in a short period.
3. Non-Banking Financial Companies (NBFCs) provide banking services without holding a banking license.
4. Mobile banking allows customers to conduct financial transactions using their mobile devices.
5. The difference between the lending rate and the deposit rate is known as the interest rate spread, which contributes to a bank's profitability.
6. A lack of capital is not the sole reason for bank failures.
7. A strong banking network is not always necessary for digital financial inclusion.
8. Core Banking Solutions (CBS) allow customers to manage their accounts and conduct financial transactions from any branch of the bank.
9. Internet banking enables customers to perform banking transactions online through the bank's website.
10. Private sector banks have a higher proportion of Non-Performing Assets (NPAs).

Q 1.B. Match the Column (any 7 out of 10)

7 marks

| Column A | Column B |
|-----------------------------|-------------------------------------|
| 1. Fixed deposit | a. Plastic money |
| 2. Smart card | b. Girl child education |
| 3. Development bank | c. 7 days to 10 years |
| 4. Sukanya sikhsha | d. IndusInd Bank |
| 5. First private bank | e. Trade finance |
| 6. Universal banking | f. EXIM bank |
| 7. KYC | g. Bank obtain customer information |
| 8. E-banking | h. Note issuing authority |
| 9. Traditional RBI function | i. Access to financial products |
| 10. Financial inclusion | j. Internet banking |

- Q 2.A. What are the functions of RBI? **8 marks**
- Q 2.B. Elaborate the causes for bank failure. **7 marks**
- OR**
- Q 2.P. Explain Basel Norm I, II and III **8 marks**
- Q 2.Q. Discuss Banking regulation Act, 1949. **7 marks**
- Q 3.A. What are the features of Retail bank? **8 marks**
- Q 3.B. Explain the function of commercial bank. **7 marks**
- OR**
- Q 3.P. What are the features of rural banks? **8 marks**
- Q 3.Q. List the services and products of corporate bank. **7 marks**
- Q 4.A. What is Universal bank? Elaborate the advantage of Universal banking. **8 marks**
- Q 4.B. Discuss the online opening process of current account. **7 marks**
- OR**
- Q 4.P. What are ATM? Elaborate the ATM for rural customers. **8 marks**
- Q 4.Q. Note on KYC. **7 marks**
- Q 5.A. Write a note on Pradhan Mantri Mudra Yojana **8 marks**
- Q 5.B. Elaborate the priority sector and its classification. **7 marks**
- OR**
- Q 5.C. **Short Notes (any 3 out of 5)** **15 marks**
1. Bills of exchange
 2. Banking ombudsman
 3. IMPS
 4. Digital Financial Literacy
 5. NRLM

Date: 10th Oct, 2024

Marks: 75 marks

Instructions for the candidate:

1. This question paper contains _____ pages
2. Answers to each new question should begin on a fresh page.
3. Figures on the right-hand side indicate full marks.
4. Use of simple calculator is allowed.

Q 1A Choose the correct alternative (any 8 out of 10)

8 M

1. Showroom rent is classified as _____ expense.
a) Office and Administration
b) Finance
c) Selling and Distribution
d) Factory
2. Legal fees are classified as _____ expenses.
a) Office and Administration
b) Finance
c) Selling and Distribution
d) Factory
3. Return on capital employed is expressed in terms of _____.
a) Rupees
b) Percentage
c) Times
d) Pure form
4. Rights shares are issued to _____.
a) Equity Shareholders
b) Preference Shareholders
c) Bond Holders
d) Debenture Holders
5. Creditors turnover shows the number of days taken by the organisation to make payment _____.
a) Bills Payable
b) Creditors
c) Investors
d) Debtors
6. On the Basis of _____ ratios are classified as Balance Sheet, Revenue statement ratio and Composite ratio.
a) Location
b) Functions
c) Expression
d) Percentage
7. Dividend paid after the finalisation of accounts is called as _____.
a) Cash Dividend
b) Bonus Dividend
c) Interim Dividend
d) Final Dividend
8. Calculate debtors velocity if debtors turnover ratio is 4 times.
a) 2 months
b) 3 months
c) 4 months
d) 8 months
9. Quick liabilities is equal to _____.
a) Current Liabilities - Bank Overdraft
b) Current Liabilities + Bank Overdraft
c) Current Assets + Current Liabilities
d) Current Assets - Liquid Assets
10. _____ working capital remains locked in business as long as the business continues.
a) Permanent
b) Temporary
c) Gross
d) Net

Q 1B. State whether True or False.**(any 7 out of 10)****7 M**

1. The ideal Debt Service Coverage Ratio is 1.33
2. Management accounting is not dynamic in nature.
3. Working capital is nothing more than the capital needed to run day to day operation of a firm.
4. The dividend discount model values the stock based on a forecast of the future dividends paid to shareholders.
5. Stock Velocity can be expressed in only in days, months and weeks.
6. Temporary working capital is also called as circulating working capital.
7. The capital gain is the difference between the expected sale price and the purchase price of the stock.
8. Proprietary ratio should be between 65% - 75%.
9. Special Working Capital is required during the unforeseen contingencies like Olympic, World Cup.
10. Net working capital can be defined as the portion of the firms' current assets financed with long term funds.

Q 2A. From the following income Statement of XYZ Ltd, you are required to prepare the common size Income statement in a vertical form.

15 M

| Particulars | 2013 | Particulars | 2013 |
|--------------------------------|-----------------|----------------------|-----------------|
| To Opening Stock | 44,000 | By Sales | 1,90,000 |
| To Purchases | 84,000 | By Closing Stock | 46,000 |
| To Wages | 40,000 | By Interest Received | 20,000 |
| To Factory Expenses | 32,000 | | |
| To Factory Rent | 8,000 | | |
| To office Expenses | 2,000 | | |
| To Selling Expenses | 6,000 | | |
| To Interest on LT borrowing | 6,000 | | |
| To Income Tax | 22,000 | | |
| To Loss by fire | 2,000 | | |
| To NP | 10,000 | | |
| | <u>2,56,000</u> | | <u>2,56,000</u> |

Q 2 B

| Liabilities | | Assets | |
|--------------------------------|-----------------|--------------|-----------------|
| Equity Share Capital | 50,000 | Fixed Assets | 1,25,000 |
| Reserves | 50,000 | Stock | 1,25,000 |
| 10% Debentures | 1,00,000 | Debtors | 50,000 |
| Creditors | 50,000 | Bank | 25,000 |
| 8% Preference Share Capital | 50,000 | | |
| Bills payable | 25,000 | | |
| | <u>3,25,000</u> | | <u>3,25,000</u> |

Calculate the following ratios:

1. Current Ratio
2. Liquid Ratio
3. Proprietary Ratio
4. Debt Equity Ratio
5. Capital Gearing ratio

OR

Q 2P.

| Particulars | ₹ | Particulars | ₹ |
|------------------------------|----------|------------------|----------|
| Equity share capital | 40,000 | Land | 40,000 |
| 10% Preference share capital | 20,000 | Building | 16,000 |
| Capital Reserves | 8,000 | Machinery | 24,000 |
| 12% Debentures | 32,000 | Bills Receivable | 4,000 |
| Creditors | 16,000 | Stock | 12,000 |
| Bank Overdraft | 4,000 | Debtors | 12,000 |
| | | Cash | 12,000 |
| | 1,20,000 | | 1,20,000 |

8 M

Prepare vertical Balance Sheet from the following

Q2 Q

| Particulars | 2012 | Particulars | 2012 |
|--------------------------|----------|----------------------|----------|
| To Opening Stock | 40,000 | By Sales | 2,00,000 |
| To Purchases | 72,000 | By Closing Stock | 44,000 |
| To Wages | 36,000 | By Interest Received | nil |
| To Factory Expenses | 28,000 | | |
| To Factory Rent | 6,000 | | |
| To Management Expenses | 2,000 | | |
| To Selling Expenses | 10,000 | | |
| To Interest | 8,000 | | |
| To Income Tax | 24,000 | | |
| To Loss on Sale of Bonds | 2,000 | | |
| To NP | 16,000 | | |
| | 2,44,000 | | 2,44,000 |

7 M

Calculate the following ratios:

1. Gross Profit Ratio
2. Net Profit Ratio
3. Operating Ratio
4. Operating Profit Ratio
5. Expenses Ratio
6. Stock Turnover Ratio

Q 3A. Short Fin furnishes the following details and request you to ascertain the estimated requirement of working capital. The sales are estimated to be Rs 33,80,000 from sale of 65,000 units.

15 M

The cost structure is as follows:

| | Per Unit |
|--------------|----------|
| Raw Material | 18 |

| | |
|--------------|-----------|
| Wages | 12 |
| Overheads | 12 |
| TOTAL | 42 |

- Material remain in store for 7 weeks.
- Processing time: 6 weeks
- Goods remain in warehouse for 4 weeks.
- 20% of sales and 10% purchases are on cash basis.
- Out of credit sales : 50% is sold to the wholesalers on 6 weeks and 50% to distributors on 4 weeks credit.
- Creditors offer 4 weeks credit.
- Wages are paid fortnightly (15days - 2 weeks).
- Overhead expenses are paid within a time gap of one month.
- Minimum cash balance to be maintained of Rs 30,000
- Safety Margin to be provided @5% .

OR

Q 3P. From the following calculate Return on Capital employed, Return on Proprietors Funds and Return on Equity Capital. 8 M

| Particulars | ₹ |
|----------------------------------|----------|
| Equity Share Capital | 7,00,000 |
| 10% Preference share Capital | 3,00,000 |
| Reserves and Surplus | 1,50,000 |
| Preliminary Expenses written off | 5,000 |
| 5% Debentures | 7,00,000 |
| 2.5% Term Loan | 35,000 |

Net Profit After tax is ₹ 2,50,000. Taxation Amount is ₹ 50,000.

Q 3Q. Paradise Ltd. presents following information for 2021-22. Estimated yearly production and sales 60,000 units. 7 M

| Cost elements | per unit |
|---------------|----------|
| Raw materials | Rs. 5 |
| Wages | Rs. 3 |
| Overheads | Rs. 2 |
| Selling Price | Rs. 12 |

Further information

- The company extends 2 months credit to debtors.
- The company maintains one month's stock of raw materials,
- The company maintains one month's stock of finished goods.
- The processing period is one month
- The company is allowed two months credit by suppliers
- Wages and overheads are paid one month in arrears.
- Cash Balance is expected to be Rs. 25,000

Prepare statement showing an estimate of working capital

Q 4A. Earnings of the company - ₹ 5,00,000
Dividend Payout Ratio - 50 %

7 M

No. of shares outstanding - 1,00,000

ROI - 15 %

Equity Capitalization Rate - 12 %

g - 7 %

Calculate market value per share as per Walter's Model and Gordon Model.

Q 4 B Following are the details of XYZ Ltd.

8 M

| Particulars | XYZ Ltd. |
|-------------------------|----------|
| Internal Rate of Return | 10 % |
| Cost of Equity Capital | 8 % |
| Earnings per Share | ₹ 5 |

Calculate value of an equity share of each of these companies as per Walter's Model when the dividend payout ratio is :

- a) 50 % b) 75 % c) 0 % d) 100%

OR

Q 4P. Encore Ltd. has 50,000 equity shares outstanding at the beginning of the year. The current market price of the shares is ₹ 150 each. The Board of Directors of the company has recommended ₹ 10 per share as dividend. The rate of capitalization is 12 %. 15 M

1. Based on M.M. approach, calculate the market price of the share of the company when the recommended dividend is :

- a) declared
b) not declared.

2. How many new shares are to be issued by the company at the end of the accounting year on the assumption that the net income for the year is ₹ 10,00,000 and investment budget is ₹ 20,00,000.

when :

- a) the above dividends are distributed
b) dividends are not declared.

Q 5A. Explain the factors determining the working capital requirement 8 M

Q 5B. Explain the types of dividends 7 M

OR

Q 5P. Short Notes (any 3 out of 5) 15 M

1. Operating Cycle.
2. Steps involved in financial statement analysis.
3. Limitations of ratio analysis.
4. Permanent Working Capital.
5. Solvency Ratios

S.Y.B.Com (B&I) Semester - III

Subject: Financial Management

Date: 11th Oct, 2024

Duration: 2.5 hours

Marks: 75 marks

Q1A) True or False (any 8 out of 10)

8 marks

1. The policy in which less dividend is paid is called liberal dividend policy
2. Change in capital structure does not affect the value of the firm.
3. Cost of debt is lower than cost of equity.
4. ARR method of capital budgeting considers time value of money.
5. Stable dividend policy will have positive impact on the market price of shares.
6. As per MM theory, capital structure has not impact on the value of firm.
7. IRR and ARR is one and the same.
8. The bank balance and the reserves account of a company will increase when cash dividend is paid.
9. All sources of capital have the same cost.
10. Bonus shares are issued to existing shareholders.

Q1B) Match the column (any 7 out of 10)

7 marks

| | Column A | | Column B |
|----|------------------------------|---|------------------------------|
| 1 | Venture Capital | A | Perpetual |
| 2 | IRR | B | Fixed rate of dividend |
| 3 | Irredeemable debentures | C | EPS is equal |
| 4 | WACC | D | NPV is zero |
| 5 | Preference share capital | E | Risky Capital |
| 6 | Financial indifference point | F | To calculate future value |
| 7 | Discounting technique | G | Term loan |
| 8 | Long term source of finance | H | Composite cost of capital |
| 9 | Compounding technique | I | Short term source of finance |
| 10 | Overdraft | J | To calculate present value |
| | | | |

Q2 A A project requires an initial cash outflow of Rs.10,00,000. It will generate cash inflow as under: 15 Marks

| | | | | | |
|-------------------------------|---|---|---|---|---|
| Year | 1 | 2 | 3 | 4 | 5 |
| Cash flow (Rs.in lakhs) | 6 | 3 | 2 | 5 | 5 |

Calculate: Pay back period; Net Present Value and Profitability Index
Cost of Capital is 10%. PV factor @ 10% is given below

| | | | | |
|--------|--------|--------|--------|--------|
| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| 0.9090 | 0.8264 | 0.7513 | 0.6830 | 0.6209 |

OR

Q2 P Aatishi Ltd is considering an investment proposal of Rs.6,00,000 having no scrap value and having an estimated life of 6 years. The earnings before depreciation and taxation are assumed to be Rs.1,80,000 per annum constantly for 6 years. 8 Marks

Calculate pay-back period and ARR. Tax rate 40%.

Q2 Q A company is considering investment in a project having cost of Rs.2,00,000 and cost of capital 9%. Calculate IRR. The projected cash inflows are given below 7 Marks

| Year | Cash inflow (Rs) |
|------|------------------|
| 1 | 40,000 |
| 2 | 72,000 |
| 3 | 90,000 |
| 4 | 75,000 |
| 5 | 32,000 |

PV factor @ 9% and 20% are given below

| | | | | | |
|-------------------|------|------|------|------|------|
| Year | 1 | 2 | 3 | 4 | 5 |
| PV factor @ 9% | 0.92 | 0.84 | 0.77 | 0.71 | 0.65 |
| 20% | 0.83 | 0.69 | 0.58 | 0.48 | 0.41 |

Q3 A Given below is the capital structure of Gold Coin Ltd

15 Marks

| | |
|------------------------------|-------------|
| Equity share capital | Rs.4,00,000 |
| 12% Debentures | Rs.1,00,000 |
| 12% Preference share capital | Rs.2,00,000 |
| | Rs.7,00,000 |

The current market price of the shares is Rs.15. According to investor's expectation, the company will pay next year a dividend of Rs.2 per share and the growth rate will be 7% forever. Tax rate 40%. Please compute for the company.

- (1) Weighted Average cost of capital based on existing capital structure
- (2) The new WACC if the company raises an additional Rs.2,00,000 by taking 12% Term Loan. This would result in increase in expected dividend to Rs.3 per share and leave the growth rate unchanged but price of the share will fall to Rs.12.

OR

Q3P Calculate the market price of share as per walter's model if dividend payout ratio is 40%, 0% and 100%

8 Marks

IRR = 12%; Cost of capital = 16% Earning per share Rs.10

Q3 Q Forex Ltd paid a dividend of Rs.5 per share last year. It is expected to grow at 15% for the next two years and then at 8% indefinitely. The required rate of return is 15%. Calculate the price per equity share using Gordon's dividend growth model. The present value factor at 15% for year 1 = 0.8696 and year 2 = 0.7561

7 Marks

Q4 A SK Ltd capital structure consisting of the following

15 Marks

| | |
|------------------------------|--------------|
| Equity shares of Rs.100 each | Rs.30,00,000 |
| 10% Preference Shares | Rs.12,00,000 |
| 8% Debentures | Rs.8,00,000 |
| | Rs.50,00,000 |

The company requires a sum of Rs.25,00,000 to finance expansion programme. EBIT after expansion will be Rs.9,00,000. Tax rate is 50%. The following alternatives are available.

1. Issue equity shares
 2. Issue 10% Preference Shares
 3. Issue 7% Debentures
- You are required to suggest the best alternative

OR

Q4P Calculate EVA from the following information:

8 Marks

| | |
|----------------------|--------------|
| Gross Sales | Rs.16,50,000 |
| Operating Expenses | Rs.4,50,000 |
| Depreciation | Rs.1,20,000 |
| Equity Share Capital | 16,00,000 |
| Debentures | 4,00,000 |
| WACC | 11% |
| Tax rate | 30% |
| | |

Q4Q Solve the following:

7 Marks

1. Mr. Alok wants to go on a world tour with his wife after 4 years which would cost him Rs.14,00,000 at that time. How much should he invest today if the offered rate of interest is 9%.
2. Nisha has invested Rs. 30,000 in Fixed Deposit of a bank for 5 years at 10% interest rate. How much will she receive at maturity?

Q5 A Explain the modern techniques of capital budgeting.

8 Marks

Q5 B Explain weighted average cost of capital.

7 Marks

OR

Q5 Write Short Notes On (any 3)

15 Marks

- 1 Gordon's model
- 2 Net Income Approach of Capital Structure Theory
- 3 Bonus shares
- 4 Short term sources of finance.
- 5 Features of Debentures

Instructions for the candidate:

1. This question paper contains 3 pages
2. Answers to each new question should begin on a fresh page.
3. Figures on the right-hand side indicate full marks.
4. Use of simple calculator is allowed.

Q 1.A. Match the Column (any 8 out of 10)

8 M

| | Group 1 | | Group 2 |
|---|---|----|---|
| A | Transaction Exposure and Translation Exposure | 1 | Call and Put |
| B | Arbitrage | 2 | Futures |
| C | Options | 3 | Currency Risk |
| D | Standardized exchange traded contracts | 4 | Exchange of cash flows between two parties |
| E | Forwards | 5 | Higher risk higher returns |
| F | Swaps | 6 | 1999 |
| G | India adopted Basel I | 7 | Less Risky stock |
| H | Risk return trade-off | 8 | Profit from price difference in two markets |
| I | Beta less than 1 | 9 | Credit Risk |
| J | Default Risk | 10 | No standardized contract |

Q 1.B. State whether True or False (any 7 out of 10)

7 M

1. Exercise price is a price at which the option buyer is eligible to buy or sell the underlying asset.
2. At the money Option leads to zero cash flows to the holder if it were exercised immediately
3. Enterprise Risk Management has multi-dimensional assessment. (potential impact)
4. Beta measures volatility or risk.
5. Transaction exposure in Exchange rate risk impacts the future cash flows of a firm.
6. Risk Measurement is the collective responsibility of different people in the organization.
7. Business risk that arises due to the board of directors decision about product or services that the organisation deals in.
8. Future expires on last Friday of every month.
9. Corporate Bond's returns are risk free.
10. Government Treasury bill matures in less than 1 year.

Q 2.A. Write different terminologies used in Option Market. Any 4

8 M

Q 2.B. Which are the stepping stones for Equity Market in India?

7 M

OR

Q 2.A. Ms. Sheetal is considering an investment in Stock A or Stock B. Find expected returns and Standard deviation. Suggest whether to invest or not.

15 M

| Year | Probability | Returns on stock A % | Returns on stock B % |
|------|-------------|----------------------|----------------------|
| 1 | 25 | 15 | 18 |
| 2 | 10 | 20 | 17 |
| 3 | 35 | 25 | 16 |
| 4 | 20 | 10 | 15 |
| 5 | 10 | 22 | 14 |

Q 3.A. Explain 3 Basel guidelines given for Banking regulations.

8 M

Q 3.B. Who are major players in Derivative Market?

7 M

OR

Q 3.A. Calculate Beta for both the stocks from the given information.

15 M

| Year | HUL % | P&G % | Market Portfolio (%) |
|------|-------|-------|----------------------|
| 1 | 30 | 29 | 28 |
| 2 | 31 | 31 | 30 |
| 3 | 32 | 33 | 28 |
| 4 | 33 | 35 | 32 |
| 5 | 34 | 30 | 30 |

Q 4.A. Give an overview of Commodities Market in India.

8 M

Q 4.B. Explain briefly about "The OPEC oil price shock of 1973".

7 M

OR

Q 4.A. Explain the purpose of hedging.

8 M

Q 4.B. Calculate capital adequacy ratio for SBI Bank.

7 M

| | Exposure Rs. (in 000's) | Risk weight % |
|---|-------------------------|---------------|
| Government treasury held as asset | 4500 | 0 |
| Loans to small business | 900 | 30 |
| Loans to corporates | 2100 | 20 |
| Cash balance with RBI | 980 | 10 |
| Non funded exposures to real estate | 3000 | 100 |
| Bank Tier 1 capital Rs. 1550 Lakhs and Tier 2 capital Rs. 850 Lakhs respectively. | | |

Q 5.A. Explain bond, its features and types.

8 M

Q 5.B. Explain the market risk and foreign exchange risk.

7 M

OR

Q 5.C. Short Notes (any 3 out of 5)

15 M

1. Loan Review Mechanism

2. Credit Life Cycle
3. Future contract
4. Enterprise risk management
5. Moneyness of Call option

S.Y.B. Com (B&I) Semester - III
Subject: Financial Markets
Duration: 2.5 hours

Date: 15/10/2024

Marks: 75 marks

Instructions for the candidate:

1. This question paper contains 2 pages
2. Answers to each new question should begin on a fresh page.
3. Figures on the right-hand side indicate full marks.
4. Use of simple calculator is allowed.

| Q 1.A. True or False (any 8 out of 10) | | 8 marks | |
|---|---|----------------|--|
| 1. | Fund based and fee based are types of financial services. | | |
| 2. | A mutual fund is a way of reducing your potential financial loss of hardship. | | |
| 3. | SEBI is a regulator of the Indian Mutual fund industry. | | |
| 4. | The primary market deals in new financial claim; therefore, it is called new issue market. | | |
| 5. | A scheduled bank means a bank included in the second schedule of the Reserve Bank of India Act, 1934. | | |
| 6. | Capital and Money market are the same. | | |
| 7. | NSE launched screen-based trading in the year 1994. | | |
| 8. | In the primary market, the security is purchased directly from the issuer. | | |
| 9. | If a person is a "BEAR", then they expect prices to rise. | | |
| 10. | Private sector companies issue commercial papers and corporate debenture. | | |
| Q 1.B. Match the Column (any 7 out of 10) | | 7 marks | |
| Group A | | Group B | |
| 1. | Merchant Banking | (a) | Promissory Note |
| 2. | T-bills | (b) | Fall in share price |
| 3. | Commercial Paper | (c) | The market for purchase & sale of securities. |
| 4. | Bear | (d) | Fee based services |
| 5. | Stock Exchange | (e) | Money Market |
| 6. | BSE Sensex | (f) | Employee Stock Option Plan |
| 7. | ESOP | (g) | OTC Market |
| 8. | NCDEX | (h) | Gold |
| 9. | Forward | (i) | Index |
| 10. | Hard Commodity | (j) | National Commodity and Derivatives Exchange Ltd. |

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| | | |
|-----------|---|-----------------|
| Q 2.A. | Describe components of Indian financial system. | 8 marks |
| Q 2.B. | Explain the types of Fees Based Services. | 7 marks |
| OR | | |
| Q 2.C. | What is Money Market? Explain the instruments of Money Market. | 8 marks |
| Q 2.D. | Explain the functions of RBI. | 7 marks |
| OR | | |
| Q 3.A. | Explain the key players of Money Market. | 8 marks |
| Q 3.B. | What is Capital Market? Explain the instruments of Capital Market. | 7 marks |
| OR | | |
| Q 3.C. | What is Stock Market? Explain the functions of Stock Market. | 8 marks |
| Q 3.D. | What is IPO? Explain the procedure of Initial Public Offer. | 7 marks |
| OR | | |
| Q 4.A. | What is derivative? Explain elements of a derivative contract. | 8 marks |
| Q 4.B. | Explain the participants in derivatives market. | 7 marks |
| OR | | |
| Q 4.C. | Discuss the advantages of Derivatives Market. | 8 marks |
| Q 4.D. | Define forward contract. Explain its features. | 7 marks |
| OR | | |
| Q 5.A. | Define Commodity Market. Explain the types of commodity traded in the market. | 8 marks |
| Q 5.B. | What are the reasons for investing in commodities. | 7 marks |
| OR | | |
| Q 5.C. | Short Notes (any 3 out of 5) | 15 marks |
| 1. | Multi Commodity Exchange | |
| 2. | NCDEX | |
| 3. | SEBI | |
| 4. | Employee Stock Option Plan | |
| 5. | Sweat Equity | |
