

S.Y.B. Com (FM) Semester - III

Subject: Management Accounting

Date: 7/10/2024

Duration: 2.5 hours

Marks: 75 marks

Instructions for the candidate:

1. This question paper contains 4 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.	Lower operating ratio implies lower cost and hands higher profit margin.	
2.	If wages are paid at the beginning of every month for the previous month, then the period of lag in payment of wages one month.	
3.	Bank overdraft is not considered while calculating Debt-equity ratio.	
4.	High bank overdraft means high working capital	
5.	The firms short term solvency is indicated by current ratio.	
6.	Issue of preference share capital is shown under cash from investing activities.	
7.	Depreciation is allowed to be considered as a cash expenditure under head cash flow from operation.	
8.	Ratios can be calculated for two unrelated items.	
9.	A cash flow statement records the cash inflow and outflow	
10.	Qualitative information does not help Organization in making better quality decisions	
Q 1.B. Match the Column (any 7 out of 10)		7 marks
	A	B
1.	Liquid ratio	a. Balance Sheet Ratio
2.	Debt Equity Ratio	b. Current Assets
3.	Operating Ratio	c. Investment
4.	Loss on sale of Fixed Assets	d. Current Liabilities
5.	Short term Investment	e. Quick Ratio and Current Ratio
6.	Loans Given	f. Financed by Share Capital
7.	Unclaimed Dividend	g. Revenue Statement Ratio
8.	Permanent Working Capital	h. Non-Operating Expenses
9.	Refund of Income tax	i. Investing Activity
10.	Acquiring and selling of a subsidiary	j. Operating activity

Q 2.A.	You are required to prepare Trend Income Statement in the Vertical Form Suitable for Analysis	15 marks																																				
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>31-3-15</th> <th>31-3-16</th> <th>31-3-17</th> </tr> </thead> <tbody> <tr> <td>Net Sales</td> <td>60,000</td> <td>80,000</td> <td>1,00,000</td> </tr> <tr> <td>Opening Stock</td> <td>6,000</td> <td>10,000</td> <td>14,000</td> </tr> <tr> <td>Purchases</td> <td>34,000</td> <td>38,000</td> <td>40,000</td> </tr> <tr> <td>Wages</td> <td>3,000</td> <td>6,000</td> <td>4,000</td> </tr> <tr> <td>Carriage Inward</td> <td>4,000</td> <td>8,000</td> <td>8,000</td> </tr> <tr> <td>Closing Stock</td> <td>10,000</td> <td>14,000</td> <td>12,000</td> </tr> <tr> <td>Office Expenses</td> <td>2,000</td> <td>2,400</td> <td>3,000</td> </tr> <tr> <td>Administrative Expenses</td> <td>2,000</td> <td>2,000</td> <td>2,000</td> </tr> </tbody> </table>	Particulars	31-3-15	31-3-16	31-3-17	Net Sales	60,000	80,000	1,00,000	Opening Stock	6,000	10,000	14,000	Purchases	34,000	38,000	40,000	Wages	3,000	6,000	4,000	Carriage Inward	4,000	8,000	8,000	Closing Stock	10,000	14,000	12,000	Office Expenses	2,000	2,400	3,000	Administrative Expenses	2,000	2,000	2,000	
Particulars	31-3-15	31-3-16	31-3-17																																			
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Selling Expenses	1,400	1,800	2,000
Distribution Expenses	1,000	800	1,200
Financial Expense	1,000	800	2,000
Interest Received	3,000	4,000	6,000
Loss on sale of Investment	1,000	600	1,000

OR

Q 2.B. Following in the Summary Balance sheet of Bapna Ltd. as on 31st March 2024. 15 marks

Liabilities	Amount	Assets	Amount
Equity Share Capital	10,00,000	Trade Investment	4,00,000
Dividend Equalization Reserve	1,40,000	Patent	60,000
General Reserve	2,20,000	Land & Building 6,40,000 Less Depreciation (1,00,000)	5,40,000
Profit and Loss A/C	3,80,000	Plant & Machinery 13,00,000 Less Depreciation (4,00,000)	9,00,000
6% Debenture	5,00,000	Cash and Cash Balance	1,76,000
Bank Overdraft	3,00,000	Closing Stock	6,20,000
Sundry Creditors	4,20,000	Sundry Debtors	4,44,000
Unpaid Dividend	20,000	Bills Receivable	60,000
Bills Payable	1,20,000	Short term Deposit with Bank	60,000
Provision for Tax	3,40,000	Underwriting Commission	1,20,000
		Preliminary Expenses	60,000
	34,40,000		34,40,000

Prepare Vertical Common Size Statement from the following Information.

Q 3.A. The ABC Company Financial Statement Contains the following information 15 marks

Particulars	Amount	Particulars	Amount
To Opening Stock	80,000	By Sales	7,50,000
To Purchase	39,000	By Closing Stock	30,000
To wages	15,000	By Commission	12,000
To Depreciation on Factory Building	4,000		
To Electricity Expenses	10,000		
To Rent	22,000		
To Exhibition Expenses	7,000		
To Interest on Debenture	12,000		
To Loss on Sale of Investment	30,000		
To Tax	20,000		
To Net Profit	5,53,000		
	7,92,000		7,92,000

Calculate the ratios –

Gross Profit ratio, Net Profit Ratio, Operating Profit Ratio, Operating Ratio, Stock turnover ratio & Stock Velocity & Interest Coverage Ratio

OR

Q 3.B. The following is the financial Statement of Commentary Ltd. Calculate following ratio - 15 marks

Current Ratio, Proprietary Ratio, Debt-Equity Ratio, Stock to Working Capital Ratio, Liquid Ratio, Cost of sales to sales Ratio, Administrative Expenses ratio, Selling Expenses to ratio

Balance Sheet

Liabilities	2017	2018	Assets	2017	2018
Capital of Rps 10 Each	70,000	70,000	Fixed Assets	90,000	92,000
Reserves	80,000	68,000	Current Assets	1,10,000	1,12,000
Secured Loans	22,000	24,000	Loans and Advances	52,000	40,000
Current Liabilities	26,000	30,000			
Provision for tax	54,000	52,000			
	2,52,000	2,44,000		2,52,000	2,44,000

Profit and Loss Statement For the year ended

Particulars	2017	2018	Particulars	2017	2018
To Opening Stock	44,000	40,000	By Sales	2,10,000	2,00,000
To Purchase	84,000	72,000	By Closing Stock	46,000	44,000
To Wages	40,000	38,000			
To Factory Exp	32,000	28,000			
To Admin Exp	8,000	6,000			
To Selling Exp	6,000	10,000			
To Managerial Remuneration	2,000	2,000			
To Transfer to Reserve	2,000	2,000			
To Income Tax	28,000	32,000			
To Net Profit	10,000	16,000			
	2,56,000	2,44,000		2,56,000	2,44,000

Q 4.A. Factory Produces 1,68,000 Units during the year and sells them at 100 rupees per unit. Cost structure are as follows.

Raw Material	55%
Labor	18%
Overheads	17%
Total cost	90%
Profit	10%
Selling Price	100%

The following additional information is available

1. The activities of purchasing producing and selling occurs throughout the year.
2. Raw materials equivalent to one-and-a-half-month supply is stored in godown
3. Production process takes 15 days
4. Finish goods equals to 1 month's production are carried in stock
5. Debtors get one month credit
6. Creditor allow two months credit
7. Time lag in payment of wages and overhead is one month
8. Cash and bank balance is to be maintained at 15% of the working capital
9. 25% of purchase are for cash

Draw a forecast for working capital requirement of the factory.

15 marks

OR

Q 4.B. From the following balance sheet of MRI Ltd for the year ended 31st march 2004 & 31st march 2005. Prepare Cash flow Statement as per AS 3

15 marks

Liabilities	2004	2005	Assets	2004	2005
Equity Share Capital	8,00,000	8,00,000	Land	2,00,000	2,00,000
9% Pref Share Capital	6,00,000	6,00,000	Building	6,00,000	5,40,000
General Reserve	4,00,000	4,90,000	Plant	6,00,000	5,40,000
10% Debenture	2,00,000	3,00,000	Furniture	2,00,000	2,80,000
Creditors	3,00,000	4,00,000	Stock	4,00,000	6,00,000
Bills Payable	1,00,000	1,50,000	Debtors	4,00,000	6,00,000
Income Tax Payable	2,00,000	3,00,000	Cash	2,00,000	2,80,000
	26,00,000	30,40,000		26,00,000	30,40,000

Q 5.A. What is trend analysis explain its features

Q 5.B. What is the utility of cash flow statement to financial management

8 marks

7 marks

OR

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

15 marks

1. Cash Flow from Operating Activity

2. Window Dressing

3. Current Ratio

4. Features of Common Size statement Analysis

5. Uses of Financial Statement

S.Y.B. Com (FM) Semester - III

Subject: Business Law - I

Date: 08/10/24

Duration: 2.5 hours

Marks: 75 marks

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 marks
1.	The contract entered by a lunatic during the lucid interval is: a) Valid b) Illegal c) Voidable d) Void	
2.	Pledge is a form of a) Sale b) Agency c) Bailment d) Hire Purchase	
3.	Consideration is defined under Sec. _____ of the Indian Contract Act, 1872. a) 2(a) b) 2(b) c) 2(c) d) 2(d)	
4.	The undertaking contained in a promissory note, to pay a certain sum of money is : a) Conditional b) Unconditional c) May be conditional or unconditional depending upon the circumstances of the case d) None of the above	
5.	Offer + Acceptance+ _____ makes Contract. a) Promise b) Agreement c) Enforceability d) Consideration	
6.	The property in goods in a contract for sale of specific goods, passes to the buyer when the: a) Contract is made	

	<ul style="list-style-type: none"> b) Parties intend the property to pass c) Price is paid d) all 	
7.	<p>Who is not party to the cheque?</p> <ul style="list-style-type: none"> a) Drawer b) Drawee c) Payee d) Acceptor 	
8.	<p>In the Contract of Guarantee minimum _____ parties are required.</p> <ul style="list-style-type: none"> a) 2 b) 3 c) 1 d) 4 	
9.	<p>An unpaid seller has not given notice of the resale to the buyer. On resale there is a profit. The unpaid seller</p> <ul style="list-style-type: none"> a) Is bound to hand it over to the buyer b) Can retain the profit c) May dispose it of in any manner he likes d) The statement is not correct, as the seller can never resell it at a profit. 	
10.	<p>Bailment involves transfer of</p> <ul style="list-style-type: none"> a) Property b) Possession c) Both d) None of the above 	
Q 1.B.	State whether the statement is True or False :(Any 7 out 10)	7 marks
1.	Past consideration is no consideration.	
2.	Goods include every kind of movable property including actionable claims and money.	
3.	Promissory Note must contain an express promise to pay.	
4.	Agreement to sell is an executed contract.	
5.	A proposal when accepted becomes a contract.	
6.	Ignorance of law is no excuse.	
7.	A negotiable instrument may be oral.	
8.	The life of a cheque is five months from the date of issue.	
9.	Unpaid seller can bring an action against the buyer personally for price only.	
10.	In a contract of indemnity, minimum two parties are necessary.	

Q 2.A.	a) What is Misrepresentation. What are the essentials of Misrepresentation	8 marks
Q 2.B.	Although 'stranger to a contract cannot sue and be sued'. Law recognizes certain exceptions to this rule. What are those?	7 marks
	OR	
Q 2.A.	Distinguish between "Void Agreement" and "Voidable Contract".	8 marks
Q 2.B.	Explain in detail what is "Agreement in Restrain of Trade"? What are the exceptions to the term "Agreement in Restrain of Trade are Void"	7 marks
Q 3.A.	Explain in detail, Modes of Discharge of Surety.	8 marks
Q 3.B.	What is Pledge? What are the circumstances under which pledge can be made by the non-owners of goods.	7 marks
	OR	
Q 3.A.	Who is Bailor? What are the rights of Bailor.	8 marks
Q 3.B.	Distinguish between "Contract of Indemnity" and a "Contract of Guarantee".	7 marks
Q 4.A.	Explain in detail types of conditions under Sale of Goods Act, 1930.	8 marks
Q 4.B.	Distinguish between Sale and Hire Purchase.	7 marks
	OR	
Q 4.A.	Define Goods under Sale of Goods Act, 1930. What are the effects of destruction of goods.	8 marks
Q 4.B.	Explain in detail the doctrine of 'Caveat Emptor'.	7 marks
Q 5.A.	What is Bills of Exchange? What are the essentials of a Bills of Exchange.	8 marks
Q 5.B.	What are the Special Rules of Evidence under Negotiable instrument Act.	7 marks
	OR	
Q 5.C.	Short Notes (any 3 out of 5)	15 marks
1.	Coercion	
2.	Statutory protections to bankers	
3.	Termination of Agency	
4.	Classification of Goods	
5.	Kinds of Offer	

S.Y.B. Com (FM) Semester - III

Subject: Debt Market I

Duration: 2.5 hours

Date: 09/10/24

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 1.A.	True or False (any 8 out of 10)	8 marks
1.	Coupon stripping is combining principal and interest of an ordinary bond, and selling them jointly to the investors.	
2.	In Default rated debentures, return from these debentures may be realized only on reorganization or liquidation.	
3.	The interest rate of Inflation linked bonds is generally higher than fixed rate bonds.	
4.	T bills are deep discount instruments.	
5.	Sovereign Rating means rating a country.	
6.	FIMMDA is the primary regulator in the Indian government bond market by statute and design.	
7.	Reverse repo rate means the interest rate at which RBI is prepared to withdraw the liquidity.	
8.	The longer the term of the bond, lesser the chance something unexpected will happen.	
9.	Individuals participate in the auctions on competitive basis.	
10.	If the bond has a call feature, the issuer is allowed to redeem the bond before its maturity date.	
Q 1.B.	Multiple Choice Questions (any 7 out of 10)	7 marks
1.	_____ recommended accepting corporate bonds under Liquidity Adjustment Facility (LAF) of RBI. (A) H.R.Khan Committee (B) SBI (C) RBI (D) SEBI	
2.	_____ is also called as Term Structure of Interest Rates. (A) STRIP (B) Maturity (C) Yield curve (D) Junk Bond	
3.	The shape of the _____ will appear to be slightly elevated in the middle. (A) Normal Yield Curve (B) Steep Yield Curve (C) Humped Yield Curve (D) Inverted Yield Curve	
4.	PDs should annually achieve a minimum turnover ratio of _____ for Government dated securities. (A) 2 times (B) 4 times (C) 5 times (D) 10 times	

5.	_____ are Short-term money market instruments issued by the Central Government. (A) Treasury Bills (B) Commercial Papers (C) Certificates of Deposits (D) Government Securities	
6.	Revenue bonds are supported by a _____ source. (A) Specific revenue (B) General revenue (C) General expense (D) Zero revenue	
7.	If a bond's coupon rate is _____ than/to its Current Yield & YTM, then the bond is selling at a discount. (A) Less (B) More (C) Equal (D) Both Option A or Option B	
8.	_____ is an anonymous order matching system for secondary market trading in government securities. (A) NDS-OM (B) CCIL (C) NEAT (D) NEFT	
9.	Risk arising due to creditworthiness of the issuer of the debt is called as _____. (A) Prepayment risk (B) Default risk (C) Purchasing power risk (D) Interest rate risk	
10.	SGL Account is opened at Public Debt Offices (PDOs) only by institutions which maintain _____ with the RBI. (A) Saving Account (B) Fixed Deposit Account (C) Recurring Deposit Account (D) Current Account	
Q 2.A.	What are the new types of debt instruments?	8 marks
Q 2.B.	What are the different features of bond?	7 marks
	OR	
Q 2.A.	What are RH Patil committee report recommendations for development of Primary debt Market?	8 marks
Q 2.B.	What is YTM?	7 marks
Q 3.A.	What are the functions of CCIL?	8 marks
Q 3.B.	What are the advantages of credit rating to investors?	7 marks
	OR	
Q 3.A.	What is the credit rating process?	8 marks
Q 3.B.	Write in detail about PDAI.	7 marks
Q 4.A.	Mr. Desai invested in a Rs.8000 par value bond bearing coupon rate of 8% p.a. for 8 years available at discount rate of 8 % p.a., calculated PV of the bond.	8 marks
Q 4.B.	Mr. Rehman bought PSU bond with a face value of Rs.100 and coupon rate of 13% per annum. If the maturity is 3 years and purchase price of bond is Rs.98, find the YTM of the bond.	7 marks
	OR	

Q 4.A.	Ms. Nisha is planning to invest in corporate bond ABC worth Rs.100 for tenure of 5 years redeeming at premium of 9% to face value. If Coupon rate is 10% and hurdle rate is 7%, whether Ms. Nisha should buy bond ABC?	8 marks
Q 4.B.	Bond LKP has a face value of Rs.800 redeeming at a discount of Rs.100 to face value. If coupon rate is 6% per annum & maturity is 2 years, find the YTM of the bond.	7 marks
Q 5.A.	What are Pre reforms of G sec in India?	8 marks
Q 5.B.	What is Steep Yield curve?	7 marks
OR		
Q 5.C.	Short Notes (any 3 out of 5)	15 marks
1.	SGL Account	
2.	Obligations of Primary Dealer	
3.	Disadvantages of debt market	
4.	Credit rating agencies in India	
5.	Role of RBI in secondary debt market	

S.Y.B. Com (FM) Semester - III

Subject: Equity Market I

Date: 10/10/24

Duration: 2.5 hours

Marks: 75 marks

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.	Multiple Choice Questions (any 8 out of 10)	8 marks
1.	Fundamental analysis is a _____ methodology. (i) Inflation Valuation (ii) Volume valuation (iii) stock valuation (iv) Money valuation	
2.	ADRs are listed on (i) American Stock Exchange (ii) London Stock Exchange (iii) Indian Stock Exchange (iv) Singapore stock exchange	
3.	ASBA stands for (i) Application supported by Blocked Amount (ii) Application supported by Bulk Amount (iii) Application supported by Bonus Amount (iv) none of these	
4.	Capital which is a company is authorized by the registrar of companies to raise by selling shares is called... (i) Issued capital (ii) Authorized capital (iii) subscribed capital (iv) Paid up capital	
5. preferred stock, which has a conversion price named at its issuance so that it can be converted to a company's common stock at the set rate. (i) Convertible (ii) Participating (iii) Adjustable (iv) Redeemable	
6. is that market in which the buying and selling of the new issued securities is done. (i) Primary (ii) secondary (iii) Wholesale market (iv) OTC	
7.	Shares that tend to remain stable under difficult economic conditions are known as (i) Growth (ii) Defensive (iii) Blue-chip (iv) Speculative	
8.	Which of these is a product of secondary market? (i) Stocks (ii) IPO (iii) Fixed deposits (iv) None of these	
9.	Drawbacks of IPO's are (i) Loss of Control (ii) Loss of Privacy (iii) Excess Capital (iii) All of these	
10.markets do not have physical locations (i) OTC (ii) BSE (iii) NSE (iv) MCX	

Q 1.B.	True or False (any 7 out of 10)	7 marks																								
1.	Fundamental analysis is a study of Equity valuation.																									
2.	GDR's are listed on American stock exchange																									
3.	Nifty has 30 stocks																									
4.	Buyback shares is done to increase promoter's stake.																									
5.	OTC Market does have physical locations																									
6.	Bull market means stock prices are increasing.																									
7.	Stock split increases the face value of stock.																									
8.	New issue is part of primary market																									
9.	ESOP's is the method to issue shares to promoters.																									
10.	Syndicate members are responsible for issuing additional shares incase of oversubscriptions.																									
Q 2.A.	Explain applications of Stock market Index and also give examples of types of indices.	8 marks																								
Q 2.B.	Find out the value of Stock index and stock weightage of current year using data below: Base Value of Sensex: 1000, assume free float factor to be 1.	7 marks																								
	<table border="1"> <thead> <tr> <th rowspan="2">Stock</th> <th colspan="2">Base Year</th> <th colspan="2">Current Year</th> </tr> <tr> <th>Shares</th> <th>Price</th> <th>Shares</th> <th>Price</th> </tr> </thead> <tbody> <tr> <td>P</td> <td>15000</td> <td>60</td> <td>15000</td> <td>100</td> </tr> <tr> <td>Q</td> <td>17000</td> <td>75</td> <td>17000</td> <td>105</td> </tr> <tr> <td>R</td> <td>9000</td> <td>45</td> <td>9000</td> <td>120</td> </tr> </tbody> </table>	Stock	Base Year		Current Year		Shares	Price	Shares	Price	P	15000	60	15000	100	Q	17000	75	17000	105	R	9000	45	9000	120	
Stock	Base Year		Current Year																							
	Shares	Price	Shares	Price																						
P	15000	60	15000	100																						
Q	17000	75	17000	105																						
R	9000	45	9000	120																						
	OR																									
Q 2.A.	Find out the value of Stock index and Free Float Market Capitalization using data below: Base Value of Nifty: 1000, Base Market Capitalization of Sensex: 1000,000 Current Market Capitalization of Sensex: 102,000,000 Floating Factor: 0.9	8 marks																								
Q 2.B.	Explain linkage between primary and secondary market	7 marks																								
Q 3.A.	What are the different sources of funds for India companies.	8 marks																								
Q 3.B.	Explain Over the Counter Exchange of India.	7 marks																								
	OR																									
Q 3.A.	Explain ESOPs and ESPS.	8 marks																								
Q 3.B.	Distinguish between Fixed Price and Book Building Issues.	7 marks																								
Q 4.A.	How does ADR Works? Explain with example	8 marks																								
Q 4.B.	Explain price discovery process for allocations of IPO with the help of book building method.	7 marks																								

	OR	
Q 4.A.	What is Buy back of shares and Right issue?	8 marks
Q 4.B.	Explain role IPO Registrar and Syndicate Members in IPO process	7 marks
Q 5.A.	What is the role of retail investor in Indian equity market?	8 marks
Q 5.B.	Explain Authorized, Issued and Subscribed share capital	7 marks
	OR	
Q 5.C.	Short Notes (any 3 out of 5)	15 marks
1.	Nifty	
2.	BSE	
3.	Sweat Equity	
4.	ASBA	
5.	Stop loss order with example	

S.Y.B. Com (FM) Semester - III
Subject: Portfolio Management

Date: 11/10/24

Duration: 2.5 hours

Marks: 75 marks

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.	Fill in the blanks with correct option. (any 8 out of 10)	8 marks
1.	_____ means commitment of funds with the hope of earning returns. (investment, gambling, speculation, hedging)	
2.	_____ investors follow the index. (active, irregular, passive, regular)	
3.	_____ investment means exchange of shares, bonds, ETF etc. (economic, financial, tax saving, business)	
4.	Beta of the market is always equal to _____. (2, zero, 1, -1)	
5.	Standard deviation and variance are statistical measures used to measure _____ in investment. (risk, return, tax, finance)	
6.	A portfolio which provides highest return at lowest risk is known as _____ portfolio. (efficient, limited, maximum, minimum)	
7.	_____ is the first step in portfolio management. (evaluation, identify priority, selection, revision)	
8.	_____ risk cannot be controlled. (systematic, unsystematic, business, financial)	
9.	A proper planning is required for formulating _____ management strategy. (portfolio, efficient, active, passive)	
10.	_____ measure of portfolio performance is based on CAPM. (Sharpe's, Treynor's, Jensen's, Markowitz)	
Q 1.B.	State whether True or False (any 7 out of 10)	7 marks
1.	A portfolio is a group of financial instruments held together as investment.	
2.	Given two portfolios with the same expected return the investor would prefer the one with the low risk.	

3.	An investor estimates his risk on the basis of standard deviation and beta.																									
4.	Risk averse investors prioritize the safety of principal and focus on low risk with low return.																									
5.	Capital asset pricing model helps in estimating the expected return of a security.																									
6.	Purchasing power risk is caused by interest rate changes.																									
7.	Investment in public provident fund gives investor tax benefits.																									
8.	Fixed deposit in companies involves higher risk in comparison to bank deposits.																									
9.	Money making objective can be fulfilled by investors when they have surplus funds to maximise wealth.																									
10.	The strong form of efficient market theory is concerned with possession of insider information.																									
Q 2.A.	Explain any 4 investment categories.	8 marks																								
Q 2.B.	Elaborate on the passive portfolio management strategy.	7 marks																								
	OR																									
Q 2.A.	The rate of return of stock Aina Ltd. and Zina Ltd. under different status of economy are given below: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Probability</th> <th>Aina Ltd. (Rs.)</th> <th>Zina Ltd. (Rs.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>0.2</td> <td>31</td> <td>40</td> </tr> <tr> <td>2</td> <td>0.2</td> <td>32</td> <td>36</td> </tr> <tr> <td>3</td> <td>0.1</td> <td>33</td> <td>32</td> </tr> <tr> <td>4</td> <td>0.3</td> <td>34</td> <td>28</td> </tr> <tr> <td>5</td> <td>0.2</td> <td>35</td> <td>24</td> </tr> </tbody> </table> <p>(i) Calculate the expected return and standard deviation of return on both the stocks.</p> <p>(ii) Which stock would you prefer and why?</p>	Year	Probability	Aina Ltd. (Rs.)	Zina Ltd. (Rs.)	1	0.2	31	40	2	0.2	32	36	3	0.1	33	32	4	0.3	34	28	5	0.2	35	24	15 marks
Year	Probability	Aina Ltd. (Rs.)	Zina Ltd. (Rs.)																							
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5	0.2	35	24																							
Q 3.A.	State Top down and Bottom-up portfolio management theory.	8 marks																								
Q 3.B.	Explain the Random Walk theory.	7 marks																								
	OR																									
Q 3.A.	You are required to compute Beta of Amit Limited. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Returns Amit %</th> <th>Market (%)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>24</td> <td>22</td> </tr> <tr> <td>2</td> <td>28</td> <td>27</td> </tr> <tr> <td>3</td> <td>30</td> <td>35</td> </tr> <tr> <td>4</td> <td>39</td> <td>36</td> </tr> <tr> <td>5</td> <td>29</td> <td>25</td> </tr> </tbody> </table>	Year	Returns Amit %	Market (%)	1	24	22	2	28	27	3	30	35	4	39	36	5	29	25	8 marks						
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Q 3.B.	Pinky bought 400 Hdfc ltd. Shares at price of Rs. 770 and paid brokerage of 2%. Received dividend of Rs. 400, 600, 800 respectively. She sold all shares after 3 years at price of Rs. 1200 and paid brokerage of 2%. Calculate HPR and AR.	7 marks																				
Q 4.A.	Explain different types of risk?	8 marks																				
Q 4.B.	Explain the Single index model?	7 marks																				
OR																						
Q 4.A.	The details of three portfolios are given below.	15 marks																				
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Portfolio</th> <th>Average Return on Portfolio (%)</th> <th>Beta</th> <th>Standard Deviation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>18</td> <td>1.1</td> <td>14</td> </tr> <tr> <td>2</td> <td>21</td> <td>1.9</td> <td>15</td> </tr> <tr> <td>3</td> <td>24</td> <td>1.35</td> <td>17</td> </tr> <tr> <td>4</td> <td>28</td> <td>0.9</td> <td>18</td> </tr> </tbody> </table> <p>Market Index 22% and Risk free return is 15 %. Compare these portfolio's on performance using Sharpe, Treynor and Jensen measures.</p>			Portfolio	Average Return on Portfolio (%)	Beta	Standard Deviation	1	18	1.1	14	2	21	1.9	15	3	24	1.35	17	4	28	0.9	18
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Q 5.A.	What is traditional portfolio management theory.	8 marks																				
Q 5.B.	Describe the elements of investment.	7 marks																				
OR																						
Q 5.C.	Short Notes (any 3 out of 5)	15 marks																				
1.	Portfolio rebalancing																					
2.	Safety first model																					
3.	Jensen index																					
4.	Markowitz theory																					
5.	Beta																					

S.Y.B. Com (FM) Semester - III

Subject: Foundation course – money market

Date: 15/10/24

Duration: 2.5 hours

Marks: 75 marks

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.	True or False (any 8 out of 10)	8 marks
1.	Capital market is absent in India.	
2.	Disintegrated market leads to better control and supervision by regulators.	
3.	Treasury bills are auctioned every Wednesday.	
4.	Mortgage loan is a loan which is provided against the security of property.	
5.	Certificate of Deposits were introduced to meet competition by banks.	
6.	Credit rating agency rates a debtor's ability to pay back debt.	
7.	AMC's now have to undergo stress test.	
8.	SEBI regulations mention about inspection and audit.	
9.	Inflation has a direct relation with the money market.	
10.	STCI is a secondary market of government securities.	
Q 1.B.	Multiple Choice Questions (any 7 out of 10)	7 marks
1.	_____ is the primary function of the money market. A) Providing long-term finance B) Facilitating international trade C) Providing short-term liquidity to banks and other financial institutions D) Controlling fiscal deficit	
2.	_____ is the regulatory body primarily over-see the Indian money market. A) Securities and Exchange Board of India (SEBI) B) Reserve Bank of India (RBI) C) Ministry of Finance D) International Monetary Fund (IMF)	
3.	_____ regulates foreign exchange dealers in India. A) RBI B) FIMMDA C) FEDAI	

	D) SEBI	
4.	_____ is a conventional money market instrument. A) Treasury Bills B) Commercial Papers C) Repo Instruments D) Certificate of Deposits	
5.	_____ is considered a modern money market instrument. A) Treasury Bills B) Commercial Papers C) Promissory Notes D) Certificates of Deposit	
6.	_____ modern instruments is traded in the inter-bank market. A) Promissory Notes B) Treasury Bills C) Banker's Acceptance D) Inter-bank Participation Certificates	
7.	_____ is one of the main disadvantages of money market mutual funds. A) High risk B) Low returns compared to equity investments C) Lack of regulatory oversight D) High fees	
8.	_____ institution was set up to promote the bill culture in the Indian money market. A) SEBI B) FIMMDA C) DFHI (Discount and Finance House of India) D) FEDAI	
9.	_____ instrument allows financial institutions to borrow and lend with a repurchase agreement. A) Commercial Bills B) Treasury Bills C) Repo Instruments D) Certificates of Deposit	
10.	Certificates of Deposit (CDs) are issued by _____. A) Corporates B) RBI C) Commercial Banks D) Foreign Investors	
Q 2.A	Explain the importance of Money Market.	8 marks
Q 2.B.	Explain the unorganized sector of Money Market.	7 marks
	OR	

Q 2.A..	State the objectives of Fixed Income Money Market and Derivatives Association of India.	8 marks
Q 2.B.	Describe the ways with which RBI controls the money supply in market.	7 marks
Q 3.A.	A 182 – day Treasury bill is issued at Rs. 95.50. What is the yield at issue? After 100 days, if the Treasury bill is trading at Rs. 97 what will be the new yield?	8 marks
Q 3.B.	A Company issues a Commercial Paper at an effective rate of 9 % for 45 days. Calculate the issue price if the face value is Rs. 2000.	7 marks
	OR	
Q 3.A.	Explain in detail Triparty Repo.	8 marks
Q 3.B.	What are the pros and cons of Commercial Paper Instrument?	7 marks
Q 4.A.	Discuss advantages of Money Market Mutual Funds.	8 marks
Q 4.B.	Explain the recent trends in the Mutual Fund Industry.	7 marks
	OR	
Q 4.A.	Explain the developments done in money market recently.	8 marks
Q 4.B.	Explain the shortcomings faced by Indian Money Market.	7 marks
Q 5.A.	Explain various types of Commercial Bills.	8 marks
Q 5.B.	What is Call Money Market? How is it important to India?	7 marks
	OR	
Q 5.C.	Short Notes (any 3 out of 5)	15 marks
1.	Co-operative Sector.	
2.	Promissory Notes.	
3.	Dated Government Securities.	
4.	Investors of Money Market Mutual Funds.	
5.	Negotiated Dealing System Order Matching.	
