

Q.P. Code :23032

[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All Questions are compulsory.
 2. Figures to the right indicate full marks.
 3. Working should form a part of your answer.
 4. Use of calculator is allowed

Q.1 A) Select the correct alternative.(Any 8)

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- 1) ----- are a tax oriented investment.
 - a. Shares
 - b. Bonds
 - c. Public Provident Fund
 - d. Fixed deposit
- 2) Beta measures ----- risk.
 - a. Individual
 - b. Total
 - c. Both
 - d. None
- 3) The value attached to money due to passage of time is known as ----- .
 - a. Present Value of Money
 - b. Place Value of Money
 - c. Time Value of Money
 - d. Annuity
- 4) -----rate of return doesn't take taxation into account.
 - a. Nominal
 - b. Yield to maturity
 - c. Internal
 - d. Real
- 5) CAGR stands for-----
 - a. Cumulative annual growth rate
 - b. Compounded average growth rate
 - c. Compounded annual growth rate
 - d. Compounded annual gearing rate
- 6) A ----- trust is a trust whereby provisions can be altered or cancelled dependent on the grantor.
 - a. Irrevocable
 - b. Revocable
 - c. Charitable
 - d. None
- 7) -----risk is important for investors who have large amount of over-seas investment.
 - a. Exchange rate
 - b. Country
 - c. Business
 - d. Economical

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- 8) Risk -----is the level of risk the client is comfortable with.
- Appetite
 - Capacity
 - Tolerance
 - Profile
- 9) -----is the rate at which commercial bank lends money to central bank.
- Repo
 - Reverse repo
 - Cash reserve ratio
 - Statutory liquid ratio
- 10)----- debentures are also known as perpetual debentures.
- Redeemable
 - Irredeemable
 - Convertible
 - Non-convertible

B) State whether the following statements are true or false.(Any 7)

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- Trust is not a separate legal entity.
- Commercial banks attempts to limit inflation and avoid deflation.
- At internal rate of return of cash inflow is greater than present value of cash outflow.
- National Saving Certificate is a tax saving scheme.
- A non-financial asset has a value based on its tangible characteristics.
- At retirement stage investor majorly seeks for riskless investment fetching fixed income.
- In SMART investment goals, A stands for annual.
- In holding period return formula, the tenure of investment is multiplied with the total gain.
- Compound interest is calculated on basis of growing principle.
- Secrecy is a feature of joint stock company.

Q.2 Answer the following questions.

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- What is investment? State the objectives of investments.
- Explain the meaning and features of Co-operative society.

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OR

- What do you mean by leasing? Explain various types of leasing.
- Distinguish between Investment and Savings.

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Q.3 Answer the following questions.

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- XYZ &Co. is considering investing in following two project requiring a capital outlay of Rs.2,00,000. Forecast of annual income after tax are as follows.

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Year	Cash profit after tax	
	Project A	Project B
1	1,00,000	1,20,000
2	1,00,000	1,00,000
3	80,000	80,000
4	80,000	70,000
5	40,000	60,000

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Evaluate the projects on the basis net present value taking 14% discounting factor.

- B) I) Arvin wants to invest @ 8% p.a. compound interest, a such amount as will to 04
Rs.50,000 at the end of three years. How much should he invest?
- II) Shashikant deposit Rs.1,00,000 with a bank which pays 10% interest compounded 03
annually, for a period of three years. How much amount he would get at maturity?
- OR**
- C) Smart industries is considering a project which costs Rs.1,00,000. The net earnings from the 08
project are as follows:

Year	Net Earnings
1	2,40,000
2	3,40,000
3	3,40,000
4	2,80,000
5	2,40,000

The cost capital is 12%. Calculate internal rate of return (IRR) and give your recommendation.

- D) I) Four equal annual payments of Rs.5,000/- are made into a deposit account that pays 04
8% interest per year. What is the future value of this annuity at the end of 4 years?
- II) A bank promises to give Reema Rs.12,000 after three years at 12% p.a. How much 03
she should deposit today?

Q.4 Answer the following questions. 15

- A) The following figures relate to trading activities of Hind Traders for the year ended 30th 08
June,2017

Sales	15,00,000	Salaries	81,000
Purchases	9,66,750	Rent	8,100
Opening Stock	2,28,750	Stationary	7,500
Closing Stock	2,95,500	Depreciation	27,900
Sales Return	60,000	Sundry expenses	49,500
Salaries	45,900	Provision for taxation	1,20,000
Advertising	14,100	Profit on sale of shares	36,000
Travelling	6,000	Loss on sale of assets	12,000

Calculate the following ratios:

- Gross profit ratio
- Net profit ratio
- Operating ratio
- Stock turnover ratio

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- B) Ramesh borrowed Rs.40000 from a bank which is to be repaid in 2 years. The loan plus interest is to be repaid in equal half yearly installments. Prepare amortization table. Interest rate is 10%. 07

OR

- C) Balance Sheet for the year ended 31st March,2017 is as follows. 15

Liabilities	Amount	Assets	Amount
Equity Share Capital	4,00,000	Goodwill	15,000
12% Preference Share	1,00,000	Plant & Machinery	4,45,000
14% Debentures	2,50,000	Furniture	15,000
Sundry Creditors	2,00,000	Investments(Trade)	70,000
Provision for tax	50,000	Sundry Debtors	3,00,000
Reserves and Surplus	1,00,000	Stock	3,50,000
Bank Overdraft	1,50,000	Cash	25,000
		Prepaid Expense	5,000
		Preliminary Exp	25,000
	12,50,000		12,50,000

Additional Information:

Credit sales is Rs.6,50,000 and credit purchases are Rs.5,15,000

Calculate the following ratios:

- Current ratio
- Acid test ratio
- Proprietary ratio
- Debt equity ratio
- Capital-gearing ratio
- Debtors Turnover ratio
- Creditors Turnover ratio

Q.5 Answer the following questions.

- Explain the principles of wealth management 08
- What do you mean by risk profiling of investor? 07

OR

- Write short notes(Any 3) 15
 - Types of investment risk
 - Mutual Funds
 - Money Market Instruments
 - Features of Partnership
 - Wealth erosion
