

1. All Questions are Compulsory
2. All Questions carry equal MARKS
3. Draw neat, labelled Diagram wherever necessary

Q. 1 Attempt Following Multiple Choice Questions (ANY EIGHT)

08

a)

- i) Which is not a type of consumer loan? \_\_\_\_\_.  
A. personal loan      B. fluctuating      C. student loan      D. auto loan
- ii) Cash \_\_\_\_\_ is the money leaving the business.  
A. inflow      B. equal      C. outflow      D. neutral
- iii) Trustees are a part of \_\_\_\_\_.  
A. proprietor      B. partners      C. company      D. trusts
- iv) LLP is a partnership with the \_\_\_\_\_ liability.  
A. little      B. lower      C. unlimited      D. limited
- v) Budgets and forecasting are prepared by \_\_\_\_\_.  
A. management      B. boss      C. clerk      D. staff
- vi) Payment of wages is an example of \_\_\_\_\_ term debt  
A. long      B. short      C. medium      D. negative
- vii) The investment period of short term investment is \_\_\_\_\_.  
A. long      B. short      C. medium      D. negative
- viii) Buying low and selling high, making a large capital gain is associated with \_\_\_\_\_.  
A. speculation      B. gambling      C. biting      D. investment
- ix) Simple interest is a quick and easy method of calculating the \_\_\_\_\_ charge on a loan.  
A. loss      B. interest      C. income      D. complex
- x) An asset class is a grouping of investments that exhibit \_\_\_\_\_ characteristics and are subject to the same laws and regulations.  
A. similar      B. different      C. logical      D. unequal

b)

State whether following statements are true or false: (Any 7)

07

1. Present value is just another name for face value.
2. Nominal rate of interest and stated rate of interest are different types of interest.
3. EMI stands for expected monthly installments.



4. Nominal rate of interest is an stated rate of interest p.a
5. Simple interest is calculated on the principal amount only
6. The loan taken from any financial institution is repaid by considering simple interest on the loan amount.
7. EMI consists of two parts- interest part and their principal part.
8. The EMI increases if the total payment period is increased.
9. For an annuity due, the payments are made at the beginning of each period.
10. If simple interest, principal amount are known then rate of interest can be calculated

- Q2 a) Define the term interest rate and explain simple and compound interest rate with example. 08
- b) How to prepare cash inflow and cash outflow statement. 07

OR

- c) Explain in detail all the forms of business ownership. 08
- d) How to prepare an income expenditure statement. 07

- Q3 a) Calculate the Cash ratio and Net working capital from following particulars. 08

Inventory = Rs.1,50,000

Cash = Rs.50,000

Debtors = Rs.3,00,000

Creditors = Rs.3,50,000

Bills receivables = Rs.30,000

Bank Overdraft = Rs.30,000

- b) If the coupon rate of interest on Rs.1000 par value perpetual bond is 6%. The bonds market price is Rs.800 then determine the yield. 07

OR

- c) Mr. Sanju invests a sum of Rs.12,000 for the period of 3 years at 10 % compounded interest p.a. How much money would he get back at the end of 3 years. 08
- d) The ratio of Fatima's income to her savings is 4:1. The percentage of money saved by her is ? 07

- Q4 a) Mihir took a loan of Rs.50,000 from a bank for a period of 1 year and 12 % p.a. Find the EMI using reducing balance method. 08

- b) Mr. Raju deposits a certain amount at the end of every year for 4 years in a bank. The rate of interest is 9% p.a compounded half yearly. Find the effective rate of interest. 07

OR

- c) Mr. X brought a Machine with a cash payment of Rs.5000 and for monthly installments of Rs.2,500 each. What is the cost of Machine if the company charges 12% interest compounded annually 08
- d) A deposit of Rs.10,000 is made to earn interest at the rate 12% p.a. Find out future value of this deposit if compounding period is half yearly 07

261122

VCD/ FYBIM SEM I Basics of Investment and Wealth Creation 2.30Hrs 75 Marks

- Q5 a) Define Investment risk and its types? 08  
b) Explain principles of wealth creation. 07  
OR  
c) Write short notes on – any three 15  
i) Wealth protection  
ii) Wealth erosion  
iii) Investment behaviour  
iv) Risk tolerance ,capacity & appetite  
v) Asset allocation

munotes.in