

Q.P. Code : 00200

[Time: $2\frac{1}{2}$ 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 MARKS
 3. WORKING SHOULD FORM A PART OF YOUR ANSWER

Q. 1 A) Multiple choice questions (Any 8)

(8)

- 1) _____ is calculated only on the principle amount of the loan.
 - a. Simple interest
 - b. Compound interest
 - c. Both
 - d. None
- 2) _____ is the practice of engaging in risky financial transactions to make profit out of fluctuation in the market.
 - a. Hedging
 - b. Speculation
 - c. Arbitration
 - d. Swap dealers
- 3) _____ Investment should be recommended to a person aged 55 who is near to retirement.
 - a. 50% debt, 50% equity
 - b. 70% equity, 30% debt
 - c. 30% equity, 70% debt
 - d. 20% debt, 80% equity
- 4) The payoff of a debt with a fixed repayment schedule over a period of time is known as _____.
 - a. Amortization
 - b. Annuities
 - c. Hire purchase
 - d. Budgeting
- 5) HPR means _____.
 - a. High periodic return
 - b. Holding period return
 - c. High periodic risk
 - d. Holding periodic risk
- 6) $FV =$ _____.
 - a. $PV \cdot DF$
 - b. PV/CF
 - c. $PV \cdot CF$
 - d. PV/DF

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- 7) Liquid ratio = _____
 - a. Quick assets/Quick liabilities
 - b. Quick assets/Current Liabilities
 - c. Current assets/Quick Liabilities
 - d. Current assets/ Current Liabilities
- 8) _____ Risk is undiversifiable risk.
 - a. Unsystematic
 - b. Systematic
 - c. Credit
 - d. Business
- 9) _____ Assets allocation strategy can be described as moderately active strategy.
 - a. Strategic
 - b. Dynamic
 - c. Tactical
 - d. Insured
- 10) _____ Investment style focuses on long term capital growth.
 - a. Aggressive
 - b. Conservative
 - c. Moderate
 - d. Cautious

B) State whether the following are True or False (Any 7)

- 1) There is high liquidity in case investment in real estate.
- 2) LIC, NSC, PPF are tax saving scheme.
- 3) EMI is known as Equated Monthly Income.
- 4) CAGR is compound annual growth rate.
- 5) Compound Interest = $P \times I \times n$
- 6) Hire purchase is also known as installment plans.
- 7) Budgeting is conservative estimate of future sale revenue.
- 8) Current t-ratio=current assets/ current liability.
- 9) Market risk arises from inability to convert an investment quickly into cash.
- 10) Strategic asset allocation follows buy and hold strategy.

Q. 2 Answer the following Questions

A) An Investment of Rs. 40,000 made on 1st April 2015 provides inflows as follow.

Date	Project 1	Project 2
1/4/2016	20,000/-	10,000/-
1/4/2017	10,000/-	20,000/-
1/4/2018	10,000/-	10,000/-
1/4/2019	10,000/-	10,000/-

Which alternative would you prefer if the investors expected return is 10%?

B) What is sole proprietorship? State in brief its advantages and dis-advantages?

OR

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- P) A project needs an investment of Rs. 1, 38,500. The cost of capital is 12%. The net cash inflow are as follows. (08)

Year	Rupees
1	30,000
2	40,000
3	60,000
4	30,000
5	20,000

Calculate the IRR and suggest whether the project should be accepted or not?

- Q) Describe in brief about the important attributes of various asset classes? (07)

Q. 3 Answer the following Questions (08)

- A) The balance sheet of MCC Limited as on 31st march 2015 is given below

Liabilities	Rupees	Assets	Rupees
Share capital (Rs. 10 each)	12,00,000	Fixed Assets	28,60,000
Reserve & surplus	8,00,000	Current Assets	
Long term loans	22,70,000	Stock	19,80,000
Current Liabilities	23,50,000	Debtors	16,50,000
		Cash and bank	1,30,000
Total	66,20,000	Total	66,20,000

Additional Information

- The company has declared 25% dividend
- Market price of the share is Rs 50/-
- Tax rate is 30%
- Net profit = Rs 7,34,400

Calculate the following ratios

- Dividend per share
- Current ratio
- Liquid ratio
- Earnings per share

- B) Explain in brief about refinancing? (07)

OR

- P). Mr Raj is borrowing Rs 7,000 to buy a car. The loan + Interest is to be repaid in quarterly instalment made at the end of each quarter during two year interval. Rate of interest is 16% (08)
Prepare a loan amortization schedule?

- Q) Describe in brief the difference between long term and short term debt? (07)

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Q. 4 Answer the following.

- A) Explain various types of investment risk?
- B) Describe various methods of wealth protection?

(08)

(07)

OR

(p) Explain in brief about various assets allocation strategies?

(08)

(Q) Describe in brief about short term, medium term, and long term investment product.

(07)

Q. 5 A) What is Co-operative society? Explain its merits and demerits.

(08)

B) Explain different types of annuities

(07)

OR

Q. 5 Short Notes. Attempt any 3 out of 5

(15)

- a. Hire Purchase
- b. Budgeting and forecasting
- c. Holding period return
- d. Risk profiling of investor
- e. Wealth erosion