

EXTERNAL EXAMINATION –April 2023

SYBFM SEMESTER - IV

SUBJECT :Corporate Finance

Date: 5th April, 2023 Time : 8:00 am to 10:30am

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

8 marks

1. Corporate Finance helps in making strategic decisions.
2. The duty of a financial manager is to determine which marketing strategy to use for promoting a product.
3. Contribution is a difference in Sales and Fixed Cost.
4. The optimal capital structure is that mix of Debt & Equity which will maximize the EPS.
5. Equity share capital is a cost-free source of capital.
6. P/E ratio stands for Preference Equity.
7. Cost of capital is the cost of raising funds.
8. WACC is the simple average of costs associated with various funds raising options.
9. Share Capital is a long term source of finance.
10. Margin of Safety is the difference between Actual Sales and Break Even Sales.

Q1B) Multiple Choice Questions (any 7 out of 10)

7 marks

1. Duty of a finance manager is to _____ (a) manage finance (b) manage marketing (c) manage production (d) manage human resources.
2. Common stock is also known as _____. (a) Preference capital (b) Debt capital (c) Equity shares (d) Debentures
3. Dividends paid to stockholders are _____ (a) Tax deductible to the firm (b) Tax free source (c) appropriations out of profit (d) double taxation.
4. Cost of capital for debenture is _____ (a) Dividend (b) Interest (c) lease (d) expectation of the holder.
5. Cost of capital for Retained Earnings is _____ (a) Opportunity cost (b) Equity dividend (c) Preference dividend (d) Interest.
6. Fixed cost is fixed for _____ (a) alternate year (b) cumulative year (c) particular capacity level (d) None of these.
7. Marginal cost is a cost of producing _____ (a) One million units (b) One extra unit (c) one half of the units (d) part of the unit.
8. Over Capitalization uses _____ capital than required. (a) Less (b) Excess (c) appropriate (d) none of these
9. _____ is a situation when the capital employed in the company is not represented by assets of an equal value. (a) Trading on equity (b) debt monetization (c) Watered Capital. (d) Algo trading capital.
10. When two mutually exclusive financial plans do generate the level of EBIT where the EPS is the same, its called as _____. (a) Indifference point level (b) Difference point level (c) Financial Break even level (d) EOQ level.

Q2 A Following information related to capital structure is provided to you for 3 companies, HUL, Colgate, P&G. You are required to calculate the Weighted Average Cost of Capital for all 3 companies. The Income Tax rate prevailing is 30%.

15 Marks

Particulars	HUL	Colgate	P&G	HUL	Colgate	P&G
	Amount in Rs.			Pre-Tax Cost of Capital %		
Equity Share Capital	10,00,000	12,00,000	13,00,000	15%	16%	14%
Preference Share Capital	8,00,000	7,00,000	6,00,000	8%	8%	8%

Debentures	5,00,000	11,00,000	8,00,000	10%	11%	12%
Term Loan	7,00,000	15,00,000	17,00,000	9%	8%	9%
Retained Earnings	5,00,000	3,00,000	2,00,000	11%	12%	13%
Total	35,00,000	48,00,000	46,00,000			

OR

Q2 P The Sales and Profits during the two years are as follows:

Year end	Sales (Rs.)	Profit (Rs.)
2004	4,00,000	40,000
2005	6,00,000	80,000

Calculate,

- 1) P/V Ratio
- 2) Fixed Cost
- 3) Break Even Point
- 4) Sales if the desired profit is Rs.12,000
- 5) Profit when sales are Rs.7,50,000
- 6) Revised Break even point if Fixed cost increases by 20%.

15 Marks

Q3 A Excel Limited is considering three financing plans. The key information is as follows:

15 Marks

- 1) Total Investment to be raised Rs.2,00,000
- 2) Plan of Financing proportion:

Plan	Equity	Debt	Preference Shares
A	100%	-	-
B	50%	50%	-
C	50%	-	50%

- 3) Cost of Debt is 8% & Cost of Preference share is 8%
- 4) Tax rate is 50%
- 5) Equity shares of the face value of Rs.10 each will be issued at a premium of Rs.10 per share.
- 6) Expected EBIT is Rs.80,000.

Calculate,

- i) Earning per Share
- ii) The financial break even point
- iii) Point of indifference between Plan A & B

OR

Q3P Flame limited has the following data for the coming year:

15 Marks

Sales (10,000 Units) : Rs.1,00,000

Variable Cost: Rs.40,000

Fixed Cost: Rs.50,000

- 1) Find out P/V ratio, Break Even point in units & value and Margin of safety
- 2) Evaluate the effect of the following on P/V ratio, Break even point & Margin of safety:

- i) 20% increase in the selling price per unit
- ii) 15% decrease in selling price per unit
- iii) 5% increase in variable cost per unit
- iv) 10% decrease in fixed costs.

Q4 A Gati company limited is considering the following three investment proposals requiring a net cash outlay of Rs.1,20,000, Rs.1,70,000 and Rs.2,40,000 respectively. The after tax cash inflows are tabulated below. Rank these projects in order of their profitability according to NPV and Profitability Index Method.

15 Marks

Year	After Tax Cash inflows		
	Project X (Rs.)	Project Y (Rs.)	Project Z (Rs.)
1	10,000	50,000	90,000
2	30,000	65,000	1,20,000
3	45,000	85,000	70,000
4	65,000	50,000	50,000
5	45,000	35,000	20,000

Assume that the firm's cost of capital is 15% and PV factors @15% are as under:

Year	1	2	3	4	5
PVF 15%	0.870	0.756	0.658	0.572	0.497

OR

Q4 P Calculate the Internal Rate of Return for the following projects and decide the most feasible project. The after tax cash inflows are as under:

15 Marks

Particulars	Project A	Project B	Project C			
	Rs.	Rs.	Rs.			
Initial Outlay	6,00,000	6,60,000	7,20,000			
End of Year						
1	30,000	3,60,000	1,20,000			
2	1,20,000	2,40,000	1,80,000			
3	1,80,000	-	1,20,000			
4	2,40,000	-	3,00,000			
5	3,00,000	1,80,000	1,20,000			
6	-60,000	1,20,000	60,000			
Total	8,10,000	9,00,000	9,00,000			
	Year1	Year2	Year3	Year4	Year5	Year6
PV FACTOR FOR PROJECT A						
8%	0.926	0.857	0.794	0.735	0.681	0.630
10%	0.909	0.826	0.751	0.683	0.621	0.564
PV FACTOR FOR PROJECT B						
12%	0.893	0.797	0.712	0.636	0.567	0.507
14%	0.877	0.769	0.675	0.592	0.519	0.456
PV FACTOR FOR PROJECT C						
6%	0.943	0.890	0.840	0.792	0.747	0.705
8%	0.926	0.857	0.794	0.735	0.681	0.630

Q5 A Explain the concept of Overcapitalization.

8 Marks

Q5 B What are the causes of Overcapitalization?

7 Marks

OR

Q5 Write Short Notes On (any 3)

15 Marks

- 1 Weighted Average Cost of Capital
- 2 Break Even Point
- 3 Term Loan as a source of finance
- 4 Depreciation as source of finance
- 5 Net Present Value

Date & Time : 31st March, 2023 8:00am to 10:30am

Q1A) Match the column (any 8 out of 10) 8 marks

- | | |
|--------------------------|---------------------------------------|
| 1. Amortising bond | Gross Domestic Product |
| 2. Humped yield shift | a) marketability risk |
| 3. Effective duration | b) binomial interest rate tree |
| 4. Downgrade risk | c) allocation to one maturity group |
| 5. Bullet strategy | d) negative butterfly |
| 6. Passive strategy | e) deviation from benchmark |
| 7. backward induction | f) repayment over life of the bond |
| 8. Coincident indicators | g) cashflow matching |
| 9. Liquidity risk | f) embedded options |
| 10. tracking error | i) deterioration in the credit rating |

Q1B) True or False (any 7 out of 10) 7 marks

1. The primary source of return for fixed securities is bond dividend.
2. Leading economic indicators can forecast the future movements of a country's economy.
3. If interest rates are expected to drop, then bonds with longer durations would be Purchased.
4. Legislative risk means risk that a change in a tax or law could affect the value of bond income.
5. As the interest rate volatility increases, the price of a Callable bond decreases and the price of Puttable bond increases.
6. Effective duration can be viewed as the economic balance point of a group of cash flows of vanilla bond.
7. Scheduled prepayment before maturity and call provisions lower a bond's duration.
8. If rates increase, the quality spread expands.
9. In backward induction with Puttable bond, the price at each node is maximum of put price or price as per backward induction process.
10. Bonds of a higher quality generally have a higher price than those of lower quality of the same maturity.

Q2 A What are the features of Fixed income securities? 8 Marks

Q2 B What is Hybrid instrument? Why hybrid instruments are important for investments? 7 Marks

OR

Q2 P What are the various types of Fixed income instruments? 8 Marks

Q2 Q What are the advantages & limitations of duration? 7 Marks

Q3 A Bond ABC has a face value Rs.10,000 offering coupon rate of 12% p.a. for 7 years & has a cut off rate of 10% p.a., calculate intrinsic value of the bond. 8 Marks

Q3 B At the beginning, Bond price is Rs.700 if the yield increases by 150 bps then price of the bond will decline to Rs.680 & if the yield decreases by 150 bps then price rise to Rs.730. Calculate duration of the bond. 7 Marks

OR

Q3P State government bond offering 5% annual coupon for the term of 5 years with Rs.500 as face value. Bond is currently earning at 8%p.a ,with YTM of 9%. Calculate Modified duration of the bond. 8 Marks

Q3 Q Corporate bond XYZ has face value Rs.4000 bearing coupon rate of 10% p.a. for 2 years available at discount rate of 14 % p.a., calculate Present Value of the bond, if coupon paid twice in a year. 7 Marks

Q4 A What are the causes of the Subprime crisis? 8 Marks
Q4 B Explain Puttable bond with its advantages and disadvantages? 7 Marks

OR

Q4P How does monetary policies & government deficits affect bond market? 8 Marks
Q4 Q Explain valuation of different types of bonds with Backward Induction process? 7 Marks

Q5 A Explain investment management process step by step. 8 Marks
Q5 B What is cashflow matching? 7 Marks

OR

Q5 Write Short Notes On (any 3) 15 Marks
1 Bond Immunization
2 Macaulay duration
3 Tracking error
4 Negative Convexity
5 Industrial Index Production

EXTERNAL EXAMINATION –April 2023

SYBFM SEM IV

SUBJECT :EQUITY MARKET II

Date & Time : 1st April, 2023 8:00am to 10:30am

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

8 marks

1. The Price to Earnings Ratio (P/E) indicates the relationship between
(i) Stock prices and company earnings (ii) book value and company earnings (iii) stock prices and revenue (iv) none of these
2. FDI Limit in Insurance sector
(i) 49% (ii) 74% (iii) 25% (iv) 10%
3. Stock trading done form couple of months to couple of years is called
(i)Intraday trading (ii)short term trading (iii)long term trading (iv) none of these
4. Theform of the EMH says that past prices, volume, and other market statistics provide no information that can be used to predict future prices.
(i)weak (ii) strong (iii)semi strong (iv) none of these
5. PN Stands for....
(i) Promissory notes (ii) Principal notes (iii) Partial notes (iv) Prohibited notes
6. _____ is one of the most critical factors to be considered while investing in any company.
(i) Management (ii) CFO (iii) Auditors (iv) Location of the company
7. The form says that prices fully reflect all information, whether publicly available or not.
(i) Strong (ii) Semi Strong (iii) Weak (iv) None of these
8. No prior Government approval is required for.....route in FDI
(i)Automatic (ii) Prior approval (iii) Post approval (iv) none of these
9. approach for fundamental analysis means beginning your analysis on a economic level right from the start.
(i) Bottom up (ii) Top down (iii) Side way (iv) none of these
10. analysis is a method of evaluating securities by analyzing the statistics generated by market activity, such as past prices and volume.
(i) Technical (ii) Fundamental (iii) sentimental (iv)none of these

Q1B) True or False (any 7 out of 10)

7 marks

1. Market is bearish when high volume is combined with a rising price
2. Urjit patel is the current chairman of SEBI
3. A jobber is an independent dealer in securities, purchasing or selling securities on his own account
4. Online trading consumes more time as compare to manual trading.
5. FII inflow has positive impact on the importers.
6. The dealer in stock exchange who indulge in speculation are called speculator

7. The act of share buy-back by a company will reduce the number of share available in the open market.
- 8.. Technical analysis is a technique that attempts to determine a security 's value by focusing on underlying factors that affect a company's actual business and its future prospects.
9. The intrinsic value of a share is the present value of all future cash flows
10. Bottom Up approach for fundamental analysis means beginning your analysis on a microeconomic level right from the start, typically starting with a particular company itself.

Q2 A Distinguish between FDI and FII 8 Marks
 Q2 B What are the objectives of disinvestment? 7 Marks

OR

Q2 P What is stock Exchange? What are the features of stock exchange? 8 Marks
 Q2 Q Explain speculation in stock market? What is role of speculator? 7 Marks

Q3 A Write a note on Market Analysis? Explain different types of market analysis? 8 Marks
 Q3 B Explain Domestic Savings and Investments. 7 Marks

OR

Q3P Calculate the Price /Book value, Current, Debt Equity and EPS ratios with the help of following information 8 Marks

Market price of stock – Rs 1050

Current Assets – Rs 120 Cr

Current Liabilities – Rs 110 Cr

Shareholder Equity – Rs 550 Cr

Long Term Debt – Rs 850Cr

Book Value – Rs 950

Outstanding Shares – 10 Cr

Retained Earnings – Rs 50 Cr

Q3 Q Explain Stocks transaction cycle 7 Marks

Q4 A What are the roles and responsibilities of SEBI to protect investor interest? 8 Marks
 Q4 B Explain Michael porter's 5 force model with example. 7 Marks

OR

Q4P With the help of following Company data. Calculate Z Score and comment on the company Debt stability. 8 Marks

Balance sheet of RIL as of 31st March 2022

Working Capital: Rs 400 Cr

Total Assets: Rs 800 Cr

Retained Earnings: Rs 44 Cr

Earnings before Interest and Taxes: Rs 250 Cr

Market Value of Equity: Rs 740 Cr

Total Liabilities: Rs. 380 Cr

Sales: Rs. 500 Cr

Using the below formula

$$Z = 1.2T1 + 1.4T2 + 3.3T3 + .6T4 + .999T5$$

Q4 Q Calculate the total brokerage payable by Investor A on Day 1 and Day 2. 7 Marks

Day 1: Investor A buys 1000 shares of Paytm @ Rs 450 and Sells 500 shares @ Rs 490 on the same day. He also buys 350 shares of AXIS @ Rs 650 and takes delivery for the same.

Day 2: He sells 500 shares of Paytm @ Rs 520 and 350 shares of AXIS @ Rs.750

Intraday brokerage is 0.2% and Delivery brokerage is 0.7%.

Q5 A Suppose VODAFONE. just paid a dividend of 4.50. It is expected to increase its dividend by 2% per year. If the market requires a return of 17% on assets of this risk, how much should the stock be selling for? 8 Marks

Q5 B What are the factors that affect stock prices? 7 Marks
OR

Q5 Write Short Notes On (any 3) 15 Marks

- 1 Difference between Jobber and Broker
- 2 Functions of stock exchange
- 3 Efficient markets and type of efficiency
- 4 Types of orders
- 5 Types of stock trading

EXTERNAL EXAMINATION –April 2023

SYBFM SEM IV

SUBJECT :Foundation Course IV – Foreign Exchange Markets

Date & Time : 10th April, 2023 8:00am to 10:30am

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

1. What is FEMA?
i) First Exchange Management Act,
ii) Foreign Exchequer Management Act,
iii) Foreign Exchange Management Act,
iv) Foreign Evaluation Management Act
2. Price of foreign currency in terms of national currency is _____.
i) Direct quote, ii) Indirect quote, iii) Law of once price, iv) Purchase price
3. _____ market is a form of exchange for the global decentralized trading of international currencies.
i) Forex, ii) Stock, iii) International, iv) Domestic
4. _____ is the method that is employed by governments in order to manage their respective currencies in the situation of the other major currencies of the world.
i) Exchange rate regime ii) Bretton Woods System
iii) Flexible exchange rate iv) Fixed Exchange Rate
5. A currency _____ contains number of currency with different weights
i) rate, ii) basket, iii) quantity, iv) denomination
6. Real exchange rate is the ratio of domestic price indices between _____ countries.
i) three, ii) two, iii) four, iv) five
7. _____ is structured through the large banks that are having the power to enter directly in the foreign market and do the transactions.
i) Retail market, ii) Wholesale market, iii) Forex market, iv) Stock market
8. _____ account is balance of trade between two countries.
i) Capital, ii) Current, iii) Saving, iv) Overdraft
9. _____ relates the nominal interest rate between two countries and movement of exchange rate between the currencies of two countries.
i) Purchasing power parity, ii) Law of one price,
iii) Interest rate parity theory, iv) The International Fisher's effect
10. _____ option gives buyer right but not obligation to buy.
i) Call, ii) Put, iii) Forwards, iv) Swaps

Q1B) True or False (any 7 out of 10) 7 marks

1. SWIFT is solely a carrier of messages.
2. A company's primary purpose for need to convert currencies is to pay or receive money for goods or services.
3. Inflation and Interest rates are not correlated.
4. The elasticity in the international markets is too high for exchange rate.
5. Capital Account Convertibility allows anyone to freely move from local currency into foreign currency and back.
6. Any company operating globally has to deal in foreign currency.
7. Geographical arbitrage is also known as spatial arbitrage.
8. There is a physical place where the foreign exchange buyers or sellers meet together.

9. Exchange rate is an important instrument of fiscal policy.
10. Fixed and variable are two extreme exchange rate regimes.
- Q2 A Explain the advantages of Fixed Exchange Rate? 8 Marks
Q2 B What are the advantages of Bretton Woods System? 7 Marks
OR
- Q2 P Explain the characteristics of Foreign Exchange Market 8 Marks
Q2 Q What are the features of Gold Standard System? 7 Marks
- Q3 A Elaborate features of FERA. 8 Marks
Q3 B What are the features of Futures Contracts? 7 Marks
OR
- Q3P Convert into indirect quotes 8 Marks
1) USD INR 78.3010 / 79.4500
2) AUD INR 52.0445 / 52.3510
3) HKD INR 10.0500 / 10.1450
4) HKD USD 0.1280 / 0.1310
- Q3 Q Find out spread, %spread and mid-rate. 7 Marks
1) USD INR 78.50 / 79.75
2) USD EUR 0.9015 / 0.9100
- Q4 A What are the objectives of Hedging strategy? 8 Marks
Q4 B Explain the impact of Liberalisation on Indian Forex Market. 7 Marks
OR
- Q4P Find out arbitrage gain by selling USD 10,000 8 Marks
Bank A - USD INR 78.2500 / 78.8500
Bank B - INR EUR 0.0125 / 0.0130
Bank C - USD EUR 0.9690 / 0.9710
- Q4 Q Find out forward rate for the following for 1 month, 2 months & 3 months 7 Marks
Spot USD INR 79.0500 / 80.2510
Swap points 1 month 3100 / 3900
Swap points 2 months 3400 / 4300
Swap points 3 months 5000 / 4500
- Q5 A What are the drawback of Purchasing Power parity theory? 8 Marks
Q5 B What are the causes for fluctuation in Foreign Currency? 7 Marks
OR
- Q5 **Write Short Notes On (any 3)** 15 Marks
1 Netting and Matching
2 International Fisher Effect
3 Speculator
4 Cross currency rate
5 Fixed Peg Arrangement

EXTERNAL EXAMINATION –April 2023

SYBFM SEMESTER - IV

SUBJECT :Personal Financial Planning

Date: 6th April, 2023 Time : 8:00 am to 10:30am

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

1. People have unrealistic expectations from market returns is a drawback of basic investment style.
2. Cultural bias affects the financial decision making.
3. Purchasing the house is related to investment goals.
4. Monitoring & reviewing the financial plan is not essential.
5. Personal financial planning is an integrated plan which focuses on defining the individual's goals.
6. Bank Fixed deposit is meant for Low risk profile.
7. Return of Investment is the parameter to decide the investment option.
8. Net worth is the difference between assets and liabilities of an individual.
9. Inflation Risk can affect the Returns on one's wealth creation plan.
10. Tips from close friends should not be executed while investing in share markets.

Q1B) Multiple Choice Questions (any 7 out of 10) 7 marks

1. PFP deals with financial planning related to ___ a) Municipal Corporation b) Government c) Corporates d) Individuals
2. Principle of PFP is ___ a) Demonetisation b) Retirement Planning c) Analysing annuity factors d) None of these
3. If Total Sales is Rs. 10000, out of which 50% is on Credit, then the amount of credit sales will be Rs. ___ a) 5000 b) 15000 c) 20000 d) -5000
4. Out of the options mentioned _____ is considered as Cash Inflow a) Salary received b) Electricity bill payment c) Conveyance expenses d) Loan repayment to Bank
5. CAGR stands for ___ a) Compounding Annual Growth Rate b) Comprehensive Annual Growth Rate c) Costing Annual Growth Rate d) Co-related Annual Growth Rate
6. If NPV is positive, the project should be ___ a) Rejected b) Accepted c) Monitored d) None of these
7. If an investment of Rs. 17,000 is giving us the interest of Rs. 1,450 in one year with inflation rate of 4%, then the Real Rate of Return is ___ a) -8.53% b) -4.53% c) 8.53% d) 4.53%
8. If the Principal is Rs. 20000, Interest is Rs. 4000, then the Loan instalment will be Rs. ___ a) 24000 b) 16000 c) -24000 d) -16000
9. Out of the options given _____ is the most risky investment option a) Public Provident Fund b) Life Insurance c) Futures d) Gold
10. Value investing is a strategy where we invest in stocks which trade for less than its _____ value a) face b) intrinsic c) book d) None of these

Q2 A Explain the first 3 steps in the personal financial planning process. 8 Marks

Q2 B Explain the 4th, 5th & 6th step in the personal financial planning process. 7 Marks

OR

Q2 P A company is considering the two mutually exclusive projects. The finance director considers that the project with higher NPV should be chosen, whereas the 15 Marks

managing director thinks that one with higher rate of return should be considered. Both the projects have got a useful life of 5 years and the cost of capital is 10%. The initial outlay is Rs.2,00,000.

The future cash inflow for Project A & Project B are as under:

Year	Project A Cash Inflow (Rs.)	Project B Cash Inflow (Rs.)	PV factor @10%	PV factor @20%
1	35,000	1,18,000	0.91	0.83
2	80,000	60,000	0.83	0.69
3	90,000	40,000	0.75	0.58
4	75,000	14,000	0.68	0.48
5	20,000	13,000	0.62	0.41

You are required to evaluate the project on IRR and explain the inconsistency, if any in the ranking of the project.

Q3 A

Prepare a Cash Budget from the data given below for a period of July to December.

15 Marks

Month	Sales (Rs.)	Purchases (Rs.)
May	75,000	37,500
June	75,000	37,500
July	1,50,000	52,500
August	2,25,000	3,67,500
September	3,00,000	1,27,500
October	1,50,000	97,500
November	1,50,000	67,500
December	1,37,500	-

Other Information:

- 1) Collection Estimates: Within the month of Sales 5% , during the month following the sales 80% and during the second month following the sale 15%.
- 2) Payment for raw materials is made in the next month.
- 3) Salary Rs.11,250, Lease payment Rs.3,750 and Miscellaneous expenses Rs1,150 are paid each month.
- 4) Monthly depreciation Rs.15,000.
- 5) Income tax Rs.26,250 each in September and December.
- 6) Payment for Research in October Rs.75,000.
- 7) Opening Balance on 1st July is Rs.55,000.

OR

Q3P

Explain the concept of CAGR and calculate CAGR based on the information given below.

8 Marks

Lets assume that you invest Rs.1,000 in a fund for 6 years, the year end value at the end of 6th year is Rs.5,000. Calculate CAGR.

Q3 Q

Explain the concept of Budgeting and Forecasting.

7 Marks

Q4 A

In January 2022, Ms. Rohini purchased the following five company's shares.

15 Marks

Company	Number of shares	Buying Price
Reliance	100	2,500
L&T	100	2,200
SBI	100	550
HDFC	100	2,200
ICICI	100	850

He paid brokerage of Rs.25,000

During the period of 2 years, Rohini received the following:

Company	Dividend (Rs.)	Bonus
Reliance	7,500	-
L&T	10,000	-
SBI	12,000	1:2
HDFC	15,000	-
ICICI	8,000	-

After 2 years in January 2024, Ms. Rohini sold all these holdings at the following prices:

Company	Number of shares	Selling Price
Reliance	100	3,500
L&T	100	3,000
SBI	150	750
HDFC	100	3,000
ICICI	100	1,000

He paid brokerage of Rs.50,000.

Calculate Holding Period Return and Annualized Return.

OR

- Q4 P Prepare an amortization schedule from the following information, assuming that the principal amount is repayable equally along with interest payable on unpaid loans. 15 Marks
- Amount Borrowed: Rs.12,00,000
Annual Interest: 12%
Repayment Period: 10 years.

- Q5 A What are the functions of cash management? 8 Marks
- Q5 B Explain the Precautionary Motive behind holding cash. 7 Marks

OR

- Q5 **Write Short Notes On (any 3)** 15 Marks
- 1 Common drawbacks in investing
 - 2 Value Investing
 - 3 Role of emotions in financial decision making
 - 4 Behavioural finance
 - 5 Portfolio Management

EXTERNAL EXAMINATION –April 2023

S.Y.B.F.M SEMESTER - IV

SUBJECT : BUSINESS ECONOMICS II

Date & Time: 3rd April, 2023 8:00am to 10:30am

Q1A) Select the best answer from the given options. (any 8 out of 10) 8 marks

1. There is no ending and beginning point in -----.
 - a) National income
 - b) Per capita income
 - c) Total product
 - d) Circular flow
2. National income is the flow of goods and services produced in an economy in course of -----.
 - a) A year
 - b) A month
 - c) A day
 - d) Six months
3. Multiplier $K =$ -----.
 - a) $1/1-MPC$
 - b) $\Delta S/\Delta Y$
 - c) $1/C$
 - d) $C/1$
4. According to Cash balance Equation of quantity theory of money-----
 - a) $MP = KDY$
 - b) $MD = KPY$
 - c) $MD = dPY$
 - d) $MD = Y$
5. The money multiplier is measured as -----
 - a) $mm = 1+r / 1+ k$
 - b) $mm = 1+ k/ 1+ r$
 - c) $mm = 1 +k /1+ k$
 - d) $mm = 1+ r/1+ r$
6. Which of the following is not an instrument of fiscal policy?
 - a) Taxation policy
 - b) Expenditure policy
 - c) Disinvestment policy
 - d) Interest rate policy
7. Which of the following is not a feature of public goods?
 - a) Non – rival in consumption
 - b) Non- excludability
 - c) Free rider problem
 - d) Consumer voluntarily pay for such goods
8. The difference between total expenditure and total receipts is _____.
 - a) Fiscal deficit
 - b) Budget deficit
 - c) Primary deficit
 - d) Revenue deficit

9. Expenditure switching policies used to correct deficit in the balance of payment consist of-----
- Devaluation
 - Revaluation
 - Appreciation
 - Inflation
10. MNCs may not cause the following-----
- Create environmental problem
 - Secure monopoly power
 - Exploit the host economy for their benefits
 - Work only for welfare of host country

Q1B) State whether the following statement are True or False. (any 7 out Of 10) 7 marks

- Open economy deals with the rest of the world.
- GDP – Net natural Capital Consumption formula is used to calculate GGDP.
- There are total two phases of trade cycle.
- Offer curve is based on the reciprocal demand.
- The speculative motive is given by Neo-classical cash balance approach.
- Bank rate is included in quantitative instruments of monetary policy.
- FRBM act passed in 2003.
- Inflation may result due to indirect tax which is raised to repay debt.
- Free float exchange rate is also termed as clean float.
- Bertin Ohlin's theory of international trade is also known as Modern theory of international trade.

Q2 A Discuss the scope of Macroeconomics.

Q2 B Explain the circular flow of income in a three sector economy. 8 Marks

OR

Q2 P Define the concept trade cycle? Explain various phases of trade cycle. 8 Marks

Q2 Q Describe the concept and working of multiplier in detail. 7 Marks

Q3 A What are the various components of money supply? 8 Marks

Q3 B Explain demand-pull inflation with appropriate diagram. 7 Marks

OR

Q3P Evaluate the Fisher's Equation of exchange. 8 Marks

Q3 Q Discuss various instruments of monetary policy. 7 Marks

Q4 A Describe various principles of sound finance. 8 Marks

Q4 B What is deficit? Explain various types of deficit. 7 Marks

OR

Q4P Explain various types of public debt. 8 Marks

Q4 Q Discuss the objectives of fiscal policy. 7 Marks

Q5 A Examine Ricardian theory of comparative cost. 8 Marks

Q5 B Explain structure of Balance of payment. 7 Marks

OR

15 Marks

Q5 Write Short Notes On (any 3)

- 1 Factors affecting consumption function
- 2 Characteristics of Public goods
- 3 Burden of internal debt.
- 4 Canons of taxation
- 5 Floating exchange rate

Date & Time : 8th April, 2023 8:00am to 10:30am

Q1A) True or False (any 8 out Of 10) 8 marks

1. MOA is secondary to AOA
2. Doctrine of Indoor Management is for the benefit of the Outsiders.
3. It is mandatory to hold 4 BOD meetings under One Person Company.
4. The person who conceives the idea to start the company is called as Promoter.
5. Patent is granted for 25 years
6. In case of Dramatic Work Trademark is granted.
7. Every partner is an agent of another partner in Partnership Act.
8. LLP is hybrid of Company and Proprietorship
9. Listing means advertising the existing of the company on Stock exchange.
10. SEBI can permit Insider Trading in certain cases.

Q1B) Fill in the Blanks (any 7 out Of 10) 7 marks

1. Full form of DIN is _____
2. The _____ of company must be lifted if the company assumes as enemy character.
3. Sharing of profit is _____ evidence under Partnership.
4. A minor is given _____ months to decide whether or not he wants to become a partner in partnership firm.
5. Copy right is granted for _____ years.
6. The _____ is an invitation to offer to public under Companies Act
7. A company cannot die. This character of company is known as _____
8. There must be minimum _____ number of designated partners in LLP.
9. _____ shoe option is allotting less number of equity shares than authorised to the public.
10. Any debtor who wants to contest the action taken by creditor under the SARFAESI Act may do so through an appeal to the _____ Tribunal.

Q2 A Define Company and what are the different types of Companies ? 15 marks

OR

Q2 P What is Prospectus and what are the different types of Prospectus. 8 Marks

Q2 Q Who is Member and who may become member of the Company ? 7 Marks

Q3 A Explain the concept of Intellectual Property Rights and which are the different intellectual properties where one can claim rights under IPR ? 15 marks

OR

Q3P What is Patent ? Explain the procedure for obtaining Patent. 8 Marks

Q3 Q Which Trademarks cannot be registered ? 7 Marks

Q4 A Distinguish between Partnership and Company 15 Marks

OR

Q4P Explain the registration of Partnership under Partnership Act 8 Marks

Q4Q Explain the characteristics of LLP 7 Marks

- Q5 A Explain SEBI and what are the Powers and Functions of SEBI
 Q5 B What are the Salient features and Objectives of SARFAESI Act ?

8 Marks
 7 Marks

Q5 Write Short Notes On (any 3)

OR

15 Marks

- 1 Director
- 2 Designated Partner
- 3 Types of Partnership
- 4 Copyright
- 5 Asset Reconstruction