



K19P 0129

Reg. No. : .....

Name : .....

**IV Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, April 2019  
(2014 Admission Onwards)**

**Elective – A : Finance**

**COM4E01 : SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

Time : 3 Hours

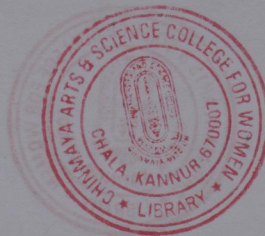
Max. Marks : 60

**SECTION – A**

Answer **any four** questions in this Section. **Each** question carries **1 mark** for Part (A), **3 marks** for Part (B) and **5 marks** for Part (C).

1. A) Define investment.  
B) Distinguish between investment and speculation.  
C) Discuss the different class of investment avenues in India.
2. A) What do you mean by dematerialization of securities ?  
B) What are the advantages and disadvantages of Demat system ?  
C) What do you understand by duration and bond immunization ?
3. A) Define Risk.  
B) Distinguish between systematic risk and unsystematic risk.  
C) Distinguish between standard deviation and beta as measures of risk.
4. A) What do you understand by formula plan ?  
B) How NAV of a mutual fund calculated ?  
C) Explain rupee cost averaging technique with a numerical example.
5. A) What do you mean by portfolio evaluation ?  
B) What are the different measures used for portfolio evaluation ?

P.T.O.



- C) Rank the following funds given below with the help of Treynor measure and Sharp measures.

Name of the fund	Returns %	Beta	Standard deviation
A	15	1.5	12
B	17	1.6	14
C	13	0.75	11
Risk free returns	9	—	—

Market return is 12%.

6. A) What do you mean by market breadth analysis ?  
 B) Explain the term Relative Strength Index.  
 C) What are the different line chart patterns used by market analysts to predict future price ?

### SECTION – B

Answer the following questions. Each question carries 12 marks.

7. A) The following information is given in respect of two securities.

Expected returns of Security X	Probability	Expected returns of security Y	Probability
12%	0.4	10%	0.5
15%	0.2	14%	0.2
18%	0.2	16%	0.2
20%	0.2	18%	0.1

Compute the following :

- a) Expected returns of security X and Y.  
 b) Expected risks of X and Y.  
 c) Coefficient and correlation between the returns of the securities.  
 d) Portfolio return and risk if these securities are mixed at 50% each.

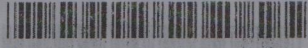
OR

- B) Discuss Markowitz's efficient frontier theory of portfolio formation.

8. A) A company is paying a fixed dividend of Rs. 2 per share without any change. The dividend is expected to grow at 8% for ever. What is the value of the share if the required rate of return to the investor is 12% ? What is the value if the RRR is 15% and 18% ?

OR

- B) Distinguish between fundamental analysis and technical analysis.



K19P 0130

Reg. No. : .....

Name : .....

**IV Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, April 2019**  
**(2014 Admission Onwards)**  
**Elective – A – FINANCE**  
**COM 4E02 : International Financial Management**

Time : 3 Hours

Max. Marks : 60

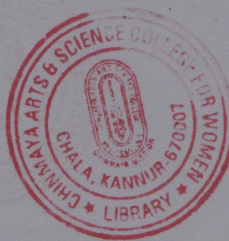
**SECTION – A**

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. A) What do you mean by exchange rate determination ?  
B) Explain the concept of international fisher effect.  
C) Discuss how exchange rate is determined under purchasing power parity theory.
2. A) What do you mean by 'bid-ask' spread ?  
B) How it is computed ?  
C) Explain Swap transaction with suitable example.
3. A) What do you mean by over the counter market ?  
B) Who are the participants of foreign exchange market ?  
C) If the rate of exchange is  
US \$2.000 – 2.0100/ Euro in Newyork  
US\$1.9800 – 1.9810/ Euro in London  
Explain how arbitragers will gain.

P.T.O.

K19P 0130  
K19P 0130



4. A) Explain the term hedging.  
B) For what purpose it is used ?  
C) An Indian firm has receivables of \$10,000 due six months from now. The spot and forward Rates are follows :
- |                              |       |       |
|------------------------------|-------|-------|
| Spot exchange rate (Rs.1 \$) | 41.60 | 41.70 |
| Six months swap              | 40.00 | 65.00 |
- The exporter does not want to have any uncertainty about the amount to be realized.  
How should he do ? How much amount can be realized for his receivables ?

5. A) What do you mean by mind parity in gold standard ?  
B) What are the different types of brokers operating in the market for currency futures ?  
C) Distinguish between forward contract and a future contract.
6. A) What do you understand by FII ?  
B) Distinguish between FII and FDI.  
C) Critically evaluate the FDI policy of India. (4×9=36)

SECTION – B

Answer the following questions. **Each** question carries **12** marks.

7. A) A year back, the exchange rate was Rs.40 per \$. As compared to the last year, rupee has appreciated by 10%. The inflation rate in India was 5% while it was 10% in US.
- a) What is the normal exchange rate today ?  
b) If PPP were to hold, what should be the exchange rate ?  
c) Has rupee appreciated or depreciated with respect to dollar in real terms and by how much ?

OR

- B) What are the distinguishing features of foreign exchange markets as compared to commodities markets for determining price as an intersection of demand and supply schedules ?
8. A) What do you understand by interest rate exposure ? Explain the different kinds of risks exposed by interest rate uncertainty.

OR

- B) Discuss the role and functions of IMF in international financial management. (2×12=24)



K19P 0131

Reg. No. : .....

Name : .....

**IV Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, April 2019  
(2014 Admission Onwards)**

**Elective – A – Finance**

**COM 4E03 : FINANCIAL MARKETS AND SERVICES**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) What is a money market instrument ?  
b) Explain the constituents of a money market.  
c) What are the weaknesses of Indian money market ?
2. a) What do you mean by currency swaps ?  
b) How interest rate swap is different from currency swap ?  
c) What is the procedure for pricing currency swap ?
3. a) Define a development bank.  
b) Explain the role of UTI in industrial financing.  
c) Discuss the role and functions of SIDBI in the development of small and medium scale industries in India.
4. a) What do you understand by venture capital financing companies ?  
b) Give a list of five venture capital financing companies in India.  
c) Discuss the reforms introduced in NBFC's sector as part of financial sector reforms in India.
5. a) Distinguish between a Mutual Fund Company and Asset Management Company.  
b) What are the functions of an Asset Management Company ?  
c) Discuss the SEBI guidelines relating to the functions of a Merchant Bank.

P.T.O.



6. a) Define factoring service.  
 b) Explain different forms of factoring services.  
 c) What do you mean by credit rating ? What are the functions of credit rating agencies ? (4×9=36)

### SECTION – B

Answer the following questions. Each question carries 12 marks :

7. a) Discuss the characteristic features of Indian money market. What are the major weaknesses ? What measures have been taken to overcome it in recent years ?

OR

7. b) Discuss the growth and development of Mutual Fund business in India in historical perspective.

8. a) The share of ABC Company are traded at Rs. 70. An investor buys a three month put option at a strike price of Rs. 80 with a premium of Rs. 2. In order to cover his risk, he buys a share with a loan at 15% interest per annum. Will he gain by adopting this strategy.

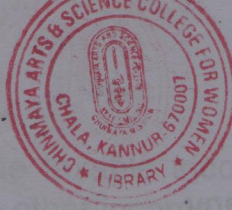
OR

8. b) X Limited stock is currently priced at Rs. 19. Two call options at strike price of Rs. 17 and Rs. 21 are trading at Rs. 2 and Re. 1. Create a bull call spread. The lot size is 200. What will be his profit, if the stock price is

a) Rs. 23 and

b) Rs. 18.

(12×2=24)



K19P 0132

Reg. No. : .....

Name : .....

**IV Semester M.Com. Degree (Suppl./Imp.)**

**Examination, April 2019**

**(2014 – 2016 Admissions)**

**Elective A – Finance**

**COM 4 E04 : CORPORATE TAX PLANNING AND MANAGEMENT**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** questions. **1** mark for part (a), **3** marks for part (b) and **5** marks for part (c).

1. a) Explain the terms 'Tax Planning' and 'Tax Management'.  
b) State the scope of tax planning with respect to the form of organisation.  
c) Explain the tax planning considerations to be looked into with respect to unabsorbed depreciation of amalgamating company.
2. a) What is 'surcharge' ? How is this calculated ?  
b) State exemptions from deduction of tax at source.  
c) Explain the advantages and disadvantages of linking Adhar for filing tax return.
3. a) What is 'belated return' ?  
b) What is 'best judgement assessment' ?  
c) What constitutes 'Concealment of income' ?
4. a) Who is called a "person who has substantial interest in the Co." ?  
b) How will you determine the residential status of a company ?  
c) Compute the taxable income from the following information submitted by X, under the head income from Business/Profession.

Net profit as per P&L Account	Rs. 1,30,000
The following items were found on the debit side of the P&L A/c.	
Rent of Residence (He has no residential house)	Rs. 3,000 per month
Payment in cash for purchases (exceeding Rs. 20,000)	Rs. 4,00,000
Sales Tax in dispute provided	20,000
Interest on term loan to SBI	70,000
His P&L a/c is credited with Rs. 5,000, being the difference of cost of goods used for personal use and the value of goods so consumed.	

P.T.O.



5. a) Define 'Closely Held' company.
- b) In what circumstances can the Assessing Officer cancel the registration of a firm ?
- c) State whether the following are admissible deductions in respect of XYZ Ltd.
- 1) Tax paid on behalf of a foreign collaborator, the company having failed to deduct tax on remittances.
  - 2) Contribution to political parties.
  - 3) Interest on belated payment of tax.
  - 4) Amount realised on sale of import entitlements, taken to Reserve A/c in Balance Sheet.
  - 5) Commission paid to a foreign buyer when invoicing exports, which is a violation of Foreign Exchange Regulation Act.
6. a) Define a registered firm.
- b) Explain the rules regarding assessment of a registered firm.
- c) Discuss the major deductions from the gross total income of companies.

(4×9=36)

## SECTION – B

Answer the following questions. **Each** question carries **12** marks.

7. A) A, B & C are partners sharing profits and losses in the proportion of 2 : 2 : 1. The firms P & L A/c for the year ending 31<sup>st</sup> March 2017 showed a net loss of Rs. 40,000 after charging the following :

Interest on Capital	Bonus
Rs.	Rs.
A 1,000	A 2,000
B 2,000	B 2,000
C 3,000	C 2,000





Salary to A = Rs. 3,000. The taxable income from other sources was Rs. 35,000. Partners have no other income. Show how the assessment of the firm and partners will be made if the firm is registered.

OR

B) Kannur Suburban Co-operative Society, which is engaged in the processing of agricultural products of its members and its marketing, give the following particulars. Determine its net income for the A.Y. 2017 – 18.

	Rs.
1) Income from processing of agricultural produce	20,000
2) Income from marketing agricultural products	10,000
3) Dividends from another co-op. society	30,000
4) Income from letting godowns	10,000
5) Income from agency business	40,000
6) Profit on sale of land	10,000
7) Donation to political parties	5,000

8. A) The following is the Profit and Loss A/c of a Sugar Mill for the year ended 31<sup>st</sup> March 2016. Compute income from business.

	Rs.		Rs.
To Mfg. expenses	7,01,000	By Sale of sugar	11,62,300
" Excise Duty	92,795	" Rent from agricultural land	950
" Establishment charges	49,200	" Revenue from Fisheries	4,000
" Fine paid	2,000	" Sale of canes	6,05,055
" Salary	1,21,445	" Profit on sale of Truck	3,230
" General charges	16,750		
" Interest on Loan	21,000		
" Managing Director's remuneration	38,750		
" Depreciate	91,000		
" Income Tax	25,000		
" Cultivation Expenses	4,37,500		
" Net profit	1,79,095		
	<b>17,75,535</b>		<b>17,75,535</b>

**Additional Information :**

- 1) Sale proceeds of cane include Rs. 5,32,000 on account of cane produced and consumed in the factory, and debited to manufacturing (Mfg.) expenses. Average market price of cane being Rs. 6,00,000.
- 2) Cost of motor truck sold was Rs. 19,000 and depreciation 15,000 was already charged.
- 3) General charges include Rs. 2,000 being legal expense incurred in defending a suit regarding the company's title to certain lands and Rs. 10,000 paid to MD's son, who is an employee in the Co., for a foreign trip to study modern manufacturing methods.
- 4) Depreciation in respect of all assets has been ascertained at Rs. 50,000 as per I.T. Rules.

OR

- B) A firm of doctors with two members X and Y approaches you with the following details.

	Rs.		
Professional Income			
(after deducting salary to X – Rs. 10,000)		80,000	
Interest on securities (Gross)		4,000	
Interest on Govt. securities (Gross)		1,500	
Long term capital gain		25,000	
Other Income of partners :			
	<b>X</b>	<b>Y</b>	
	<b>Rs.</b>	<b>Rs.</b>	
Interest on securities	9,000	Loss on speculation	20,000
Rent received	10,000		
Municipal taxes paid	1,000		

Compute the total income of the firm and show the allocation among partners assuming that the firm is unregistered.

(2×12=24)