

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MCOM Degree Examination, November 2020

MCM3C11– Financial Management

(2019 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Section-A**Answer any four questions. Each question carries 2 weightage**

1. Write a note on factoring?
2. What is venture capital?
3. Define letter of credit
4. What are the sources of bonus issue?
5. Write a short note on depreciation as a source of finance?
6. What is capital gearing?
7. Write a short note on inflation adjusted cost of debt?

(4x2=8 Weightage)

Section-B**Answer any four of the questions. Each question carries 3 Weightage**

8. What do you understand by retained earnings? Discuss the merits and limitations of ploughing back of profits as a source of finance?
9. Briefly explain the determinants of dividend policy
10. Write short note on Advantages of right issue
11. What are the main sources of finance available to industries for meeting short term as well as long term financial requirements? Discuss
12. Briefly explain the theory of relevance with respect to dividend decision?
13. The following information is available in respect of a firm:
 - i. Capitalisation rate: 10%
 - ii. Earnings per share: 50 rupees
 - iii. Assumed rate of return on investments:

12%, 8%, 10%

Show the effect of dividend policy on market price of shares applying Walters's formula when dividend payout ratio is a) 0% b) 20% c) 40% d) 80% e) 100%

14. Economic enterprises require 90,000 units of a certain item annually. The cost per unit is Rs.3, the cost per purchase order Rs. 300 and the inventory carrying cost Rs. 6 per unit per year.

- i. What is the economic order quantity?
- ii. What should the firm do if the supplier offers discount as below:

Order quantity	Discount
4500-5999	2%
6000 & above	3%

(4x3=12 Weightage)

Section C

Answer any two questions. Each question carries 5 weightage.

15. Calculate the appropriate cost of company's debenture capital, when it decides to issue 10000 numbers of 14% non-convertible debenture, each of face value of Rs.100 at par. The debentures are redeemed at a premium of 10% after 10 years. The average realisation is expected to be 92 per debenture and the tax rate applicable to the company is 40%.
16. "Efficient cash management will aim at maximizing the cash inflows and showing cash outflows". Discuss.
17. What is operating leverage? How does it help in magnifying revenue of a concern?
18. The data relating to two companies are as given below

Particulars	Company A	Company B
Capital	Rs.6,00,000	Rs.3,50,000
Debenture	Rs.4,00,000	Rs.6,50,000
Output (units per annum)	60,000	15,000
Selling price/unit	Rs.30	Rs.250
Fixed cost per annum	Rs.7,00,000	Rs.14,00,000
Variable cost per unit	Rs.10	Rs.75
Interest @12%		

You are required to calculate operating leverage, financial leverage, and combined leverage?

(2x5 =10 Weightage)

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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
Third Semester MCOM Degree Examination, November 2020
MCM3C12– Income Tax Law Practice and Tax Planning I
 (2019 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Section A**Answer any four question. Each question carries two weightage**

1. What is AMT?
2. Explain rebate of Tax.
3. What do you mean by advance payment of tax?
4. Distinguish between tax planning and tax evasion.
5. What do you mean by aggregation of income?
6. Describe the different modes of recovery of tax.
7. Write a note on agricultural income.

(4 x2=8 weightage)

Section B**Answer any four questions. Each question carries three Weightage**

8. Explain the clubbing of income.
9. Briefly explain the powers of Income tax authorities.
10. Mr. Rahul Sharma, who was born and brought in India, went to for further studies to U.K. on 1st Mach, 2018 and came back to India on 1st October,2019 early in the morning. Find out his residential status for the Assessment Year 2020-21.
11. From the following particulars compute the tax liability of Mr. Nagesh.

Rs.

a) Income from house property (computed)	-78000
b) Agricultural income	- 15000
c) Long term capital gain	- 20000
d) Lottery winning	-50000
e)Business Income	-600000

12. Determine the annual value of the following house

Rs.

Municipal Value - 200000

Fair Rent -240000

Standard Rent -180000

Actual Rent Received - 260000

Municipal tax 10% of M.V (Paid by tenant)

13. Mr. A purchased a house in Delhi in 2000 for Rs.100000 and added two rooms and a verandah in the house at a cost of Rs.30000 in 2000.He made improvements in the house and added two bathrooms at a cost of Rs.240000 in May 2014.

Mr. A sells the house on 1st July 2019 for Rs.2500000.Findout the capital gain or loss, if the fair market value of the house on 1st April, 2001 was Rs.400000. The cost of inflation indices in

2001-02, 2014-15 and 2019-20 were 100,240 and 289 respectively.

14. Mr. Mukesh furnishes the following particulars of his income for the PY 2010-20.Compute his gross total income.

a) Dividend on equity shares Rs.6600

b) Dividend on preference shares (Gross) Rs.5400

c) Interest on Bank deposit Rs.5000

d) Ground rent Rs.15000

e) Director's sitting fee receivedRs.1500

f) Winning from lotteries (Net) received Rs.14000

(4 x 3=12 weightage)

Section C

Answer any two questions. Each question carries five Weightage.

15. Define Assessment. Explain the different types of Assessment.

16. Explain the exempted incomes.

17. The following particulars relate to the income of Shri.Rajeev Takur for the PY 2019-20: He is employed in a cotton textile mill at Bengaluru on a monthly salary of Rs.25000.He is also entitled to a commission @1% of sales effected by him. The sale effected by him during the PY amounted to Rs. 4000000. He received the following allowances and perquisites during the PY:

- a) Dearness pay @ Rs.6000 per month
- b) Bonus Rs.50000
- c) Entertainment Allowance @ Rs.2000 per month.
- d) House Rent Allowance @ Rs.5000 per month
- e) Employer provided him gas, electricity and water facility and employer spent Rs.15000 on these.
- f) He spent Rs.6000 per month as rent of the house occupied him in Bengaluru.
- g) He and his employer both contributed 15% of his salary to his recognized provident fund and interest credited to this fund @9% amounted to Rs.30000 during the PY.

Compute his taxable income under the head salaries for the AY 2020-21

18. The following is the P/L Account of Mr. X for the year ended on 31.3.2020. Compute his taxable income from business for that year.

Opening Stock	15000	Sales	280000
Purchases	140000	Closing stock	20000
Wages	20000	Gift from father	10000
Rent	46000	Sale of car	17000
Repairs of car	3000	Income Tax refund	3000
Medical expenses	3000		
General Expenses	10000		
Depreciation of Car	4000		
Profit for the year	89000		
	330000		330000

Following further information is given:

1. Mr. X carries on his business from a rented premises, half of which is used as his residence.
2. Mr.X bought a car during the year for Rs.20000. He charged 20% depreciation on the value of the car. The car was sold during the year for R\$.17000. The use of the car was $\frac{3}{4}$ th for business and $\frac{1}{4}$ th for personal use.
3. Medical expenses were incurred during the sickness of Mr.X for his treatment.
4. Wages include Rs.250 per month on account of Mr.X's driver for 10 month.

(2 x 5=10 weightage)

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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MCOM Degree Examination, November 2020

MCM3C13– Research Methodology

(2019 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Section-A**Answer any four questions. Each question carries 2 weightage**

1. What is theory building in research?
2. What is simulation?
3. What is explorative research?
4. What do you mean by Pilot survey?
5. What is a non sampling error?
6. Define ratio scale?
7. What is meant by variable?

(4x2=8 Weightage)**Section-B****Answer any four of the questions. Each question carries 3 Weightage**

8. What are the steps in the construction of Likert Scale?
9. What is the relevance of review of literature in a research work?
10. Find the Karl Pearson's Co-efficient of correlation from marks obtained in Quantitative techniques and Operation research of 10 students.

Marks in QT	65	75	35	60	55	40	40	80	20	30
Marks in OR	70	65	50	65	55	25	30	85	25	10

11. What are the features of research design?
12. Briefly explain the different types of interview?
13. Explain what cautions need to be exercised in the interpretation of data?
14. Write a note on 'Focus group discussion'.

(4x3=12 Weightage)

Section C

Answer any two questions. Each question carries 5 weightage.

15. Explain the different stages in the preparation of research report.
16. The following table shows the yield of three varieties of seeds.

Varieties	Yield			
1	50	28	52	
2	41	47	27	58 32
3	34	25	31	46

Carry out an analysis of variance and state your comments.

17. What is measurement scale? Explain different types of measurement scales used in research?
18. What is a research design? Explain the stages of research design?

(2x5 = 10 Weights)

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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MCOM Degree Examination, November 2020

MCM3EF01 – Investment Management

(2019 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Section-A**Answer any four questions. Each question carries (2 weightage)**

1. What is candle stick chart ?
2. What is expected return ? How it is calculated ?
3. What do you mean by YTM ? How it is calculated ?
4. What is dividend pay- out ratio ?
5. If the market portfolio yields an expected rate of return of 12% with a standard deviation of 24% and risk free rate of interest is 7%,what is the slope of capital market line?
6. If the portfolio has return of 11% and standard deviation of 14%,and if the risk free rate is 2%, the what is Sharpe ratio?
7. An investor buys a 11% Rs.120 debenture of ABC company at Rs.110,Calculate the current yield on the instrument.

(4x2=8 Weightage)**Section-B****Answer any four of the questions. Each question carries (3 Weightage)**

8. Discuss the various dividend discount models.
9. Discuss the concept of behavioral finance.
10. Explain the different types of patterns used in stock analysis.
11. Explain the Arbitrage Pricing Theory.
12. Company X and Y both pay annual dividend of Rs.40 to their shareholders and this is expected to continue in perpetuity. The risk free rate of return is 6% and the current average market rate of return is 10%.;Company X's beta is 1.1 and for Y is 0.8.What is the expected rate of return for each company and what should be share price of each company ?

13. X Ltd paid a dividend of Rs.2 per share during the current year. It is expected to pay a dividend of Rs.3 per share during the next year. Investors forecast a dividend of Rs.3.50 and Rs.4. per share respectively. After that it is expected that annual dividend will grow at 10% per year into an indefinite period. If investors required rate of return is 20%, find the true value of share.
14. Estimated value of beta square of a security is 2 and the variance of market index return 120, variance of residual return of individual security is 400. Calculate variance under single index model.

(4x3=12 Weightage)

Section C

Answer any two questions. Each question carries (5 weightage).

15. What is meant by technical analysis? Discuss the assumptions and considerations of technical analysis.
16. Discuss the concept of Efficient Market Hypothesis. Explain various forms of testing market efficiency.
17. The rate of return and its probabilities of occurrence of two stocks X and Y are given in the table below

Year	Return on stock X	Return on stock Y
2018	14	12
2019	16	18
2020	18	15

- a) Find out the expected rate of return on portfolio made up to 40% of X and 60% of Y
- b) What is the SD of each stock?
- c) Determine the coefficient of correlation of Stock X and Stock Y
- d) What is the portfolio risk if the proportion is changed to 60% to X and 40% to Y
18. A share is currently selling for Rs.70. The company is expected to pay a dividend of Rs.3.50 on the share at the end of the year. It is reliably estimated that the share will sell for Rs.83 at the end of the year.
- a) Assume that the dividends and price forecasts are accurate, would you buy the share to hold it for one year. If the required rate of return is 12%.
- b) Given the current price of Rs.70 and expected dividend of Rs. 3.50, what would be the price have to be at the end of the one year to justify purchase of the share today, if the required rate of return is 15%. (2 x 5 = 10 weightage)

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Third Semester MCOM Degree Examination, November 2020

MCM3EF02 – Financial Markets and Institutions

(2019 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Section-A

Answer any four questions. Each question carries 2 weightage:

1. Explain book building process.
2. What do you mean by call option?
3. What is MMMF?
4. What do you mean by cryptocurrency?
5. What is insider trading?
6. Differentiate treasury bill and trade bill.
7. What is Defined Benefit Plan?

(4x2=8 Weightage)

Section-B

Answer any four of the questions. Each question carries 3 Weightage:

8. Explain in detail ADR.
9. Explain the role of SEBI.
10. Explain the modes of NRI investments in India
11. What is NPS? Explain the benefits of NPS.
12. What are the functions of debt market?
13. What is buyback of share? Explain the provisions relating to buyback of shares.
14. Explain the procedure for selling dematerialized securities.

(4x3=12 Weightage)

Section-C

Answer any two questions. Each question carries 5 weightage:

15. Explain AMFI. Describe the various types of Mutual funds.
16. What do you mean by commodity market? Explain the important commodity exchanges in India.
17. Explain the role of foreign capital in the Indian Financial System.

(2x5 =10 Weightage)