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1M3N25345 (Pages : 4) Reg. No:.............................

Name: ....

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MCOM Degree Examination, November 2025

MCM3C11 – Financial Management

(2022 Admission onwards)

Time: 3 hours Max. Weightage : 30

Section A

Answer any four questions. Each question carries 2 weightage

1. Define financial management.
2. What is meant by combined leverage?
3. How does the credit policy of the firm affect the working capital requirement?
4. What is the difference between gross working capital and net working capital?
5. Describe No1 approach of capital structure.
6. Explain Gordon's theory of dividends. What are its assumptions?
7. In a company, EBIT is ₹150, EBT is ₹100, and contribution is ₹ 300. Calculate operating leverage.xz

(4 x 2 = 8 Weightage)

Section B

Answer any four questions. Each question carries 3 Weightage

8. Explain the role and functions of a financial manager.
9. Discuss the agency problems in finance.
10. A company issues Rs. 10,00,000, 10% redeemable debentures at a discount of 5%. The costs of floatation amount to Rs. 30,000. The debentures are redeemable after 5 years. Calculate the before-tax and after-tax cost of debt assuming a tax rate of 50%.

11. XYZ Co. Ltd supplies you with the following information for the year ending 31/12/2024.

	Rs
Credit sales	150000
Cash sales	250000
Return inward	25000
Opening stock	25000
Closing stock	35000

Find out the Inventory turnover ratio when gross profit is 20%.

12. From the following information extracted from the books of a manufacturing concern, compute the operating cycle in days and the amount of working capital required:

Period covered	365 days
Average period of credit allowed by suppliers	16 days

	Rs ' 000
Average total of debtors outstanding	480
Raw material consumption	4400
Total production cost	10,000
Total cost of goods sold for the year	10,500
Sales for the year	16,000
Raw materials	320
Work in progress	350
Finished goods	260

13. A new project under consideration requires a capital outlay of Rs 600 lakhs, for which the funds can either be raised by the issue of equity shares of Rs 100 each or by the issue of Equity shares of Rs 400 lakhs & by the issue of a 15% loan of Rs 200 lakhs.
What is the point of indifference, given that the tax rate is at 50 %?

14. The following information is available for XYZ Corporation:

Earnings per share	Rs 4
Rate of return on investment	18%
Rate of return required by shareholder	5%

What will be the price of a share as per Walter's model if the payout ratio is (a) 40% (b)50% and (c)60%

(4x3 = 12 Weightage)

Section C

Answer any two questions. Each question carries 5 weightage

15. What are the types of environments in financial decision-making?
16. Kairali Industrial Ltd has assets of Rs. 1,60,000, which have been financed with Rs. 52,000 of debt and Rs. 90,000 of equity and a general reserve of Rs. 18,000. The firm's total profits after interest and taxes for the year ended 31st March 2012 were Rs. 13,500. It pays 8% interest on borrowed funds and is in the 50% tax bracket. It has 900 equity shares of Rs. 100 each selling at a market price of Rs 120 per share. What is the weighted cost of capital?
17. A firm is considering two financial plans to examine their impact on EPS. The total funds required for investment in assets are Rs 5,00,000.

Particulars	**Plan 1**	**Plan 2**
Debt at 10% p.a.	4 00 000	1 00 000
Equity Shares (Rs 10 each)	1 00 000	4 00 000
Total finances required	5 00 000	5 00 000
No. of Equity Shares	10 000	40 000

The EBIT are assumed to be Rs. 55 000. Rs. 80 000 and Rs. 1 30 000. The rate of tax is taken at 50%. Comment.

18. From the following information given below, you are required to prepare a projected balance sheet, profit and loss account, and then an estimate of working capital requirements:

	Rs
Issued share capital	3,00,000
6% debentures	2,00,000
Fixed assets at cost	2,00,000

The expected ratios to the selling price are:

Raw materials	50%
Labour	20%
Overhead	20%
Profit	10%

Raw materials are kept in store for an average of two months

Finished goods remain in stock for an average period of 3 months

Production during the previous year was 1,80,000 units, and it is planned to maintain the same in the current year also.

Each unit of production is expected to be in process for half a month.

Credit allowed to customers is 3 months, and given by suppliers is two months.

The selling price is Rs 4 per unit.

There is a regular production and sales cycle.

Calculation of debtors may be made at the selling price.

(2x5 = 10 Weightage)

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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MCOM Degree Examination, November 2025

MCM3C12 – Income Tax Law, Practice and Tax Planning I

(2022 Admission onwards)

Time: 3 hours Max. Weightage : 30

Section A

Answer any four questions. Each question carries two weightage

1. Discuss the relief under section 89.
2. Explain Tax Collected at Source.
3. What is meant by rebate?
4. What are the differences between tax avoidance and tax evasion?
5. Discuss the agricultural income.
6. Explain the difference between intra-head set-off and inter-head set-off of income with suitable examples.
7. Explain clearly the meaning of the following:
   (a) Tax-free Commercial securities, (b) Less -tax commercial securities

(4*2=8)

Section B

Answer any four questions. Each question carries three Weightage

8. Explain the different types of return of income.
9. Write a note on exempted income.
10. Mr. Maitra, a citizen of the U.K., came to India for the first time on 01-05-2018. He stayed here without any break for 3 years and left for Bangladesh on 01-05-2021. He returned to India on 01-04-2022 and went back to the U.K. on 01-12-2022. He was posted back to India on 20-01-2025. Compute his residential status for the Assessment Year 2025-26.
11. Shri Luthara has to pay ₹ 40,000 as advance tax during the Financial Year 2025-26. Determine the amount payable as an advance tax on prescribed dates.

12. Mr. Ram owns a house property. Its annual letting value is ₹ 80,000. During the previous year it was let out to a tenant on a monthly rent of ₹ 7,000.

He claimed the following expenses:

(i) Municipal taxes paid ₹ 8,000.

(ii) Expenses for the recovery of rent ₹ 600.

(iii) Maintenance allowance paid to the step-mother ₹ 12,000 annually which was a charge on the property according to his father's will. The house remained vacant for one month during the previous year. Compute the income from house property for the Assessment Year 2025-26.

13. The following are the particulars of the income of Shri R.P. Seth for the previous year ended 31st March, 2025:

	₹
Loss from House Property	6,000
Business income (from cloth)	2,70,000
Loss in Speculation	3,200
Dividends from an Indian Company	5,000
Capital Gains from Short-term Capital Assets	22,500
Capital Loss from Long-term Capital Assets	21,000

Compute the gross total income of Shri Seth after setting of the different losses against other incomes and state the amount of losses to be carried forward.

14. From the following receipts and payments of Mr. Devesh, compute his taxable income under the head income from other sources:

	₹
1. Received from Madhya Pradesh State Lottery (Net)	24,500
2. Winnings from horse race	1,000
3. Winnings from Rajasthan State Lottery	3,000
4. Winnings from horse race (Net)	49,000
5. Winnings from cross word puzzle	2,500
6. Gift received from a friend in London	1,00,000
7. Purchase of lottery tickets	3,000
8. Payments for betting in horse race	6,000

(4*3=12)

Section C

Answer any two questions. Each question carries five Weightage.

15. Discuss in detail the deduction under section 80 C of Income Tax Act 1961

16. Explain in detail powers and functions of Income Tax authorities.

17. From the following particulars, compute tax payable by Abhinav for the Assessment Year 2025-26:

	₹
1. Salary (computed)	5,00,000
2. Rent from house property	28,000
3. Long-term capital gains (1.5.2024)	1,42,000
4. Interest from bank saving account	9,500
5. Net Agricultural income	20,000
6. Winnings from lottery	15,000
7. Payment of life insurance premium	14,000
8. Contribution to recognized provident fund	52,000
9. Premium paid by cheque on mediclaim insurance policy	11,000
10. Donation to P.M. National Relief Fund by cheque	10,000

18. Compute the taxable salary of Smt. Gopi Devi of Kanpur for the Assessment Year 2025-26 from the following particulars:

(i) Basic salary ₹16,000 p.m.

(ii) Dearness allowance ₹ 4,000 p.m. (as per the terms of employment).

(iii) Bonus ₹ 16,000 p.a.

(iv) Rent-free accommodation provided by the employer at Kanpur (population exceeding 40 lakh), the fair rental value of which is ₹ 60,000 p.a. The cost of the furniture provided therein ₹ 20,000.

(v) Entertainment allowance ₹ 1,000 p.m.

(vi) Her contribution to Recognized Provident Fund is at 15%.

(vii) Employer's contribution to Recognized Provident Fund is ₹ 30,000 p.a.

(viii) Interest on Recognized Provident Fund balance at 9.5% p.a. is ₹ 19,000.

(ix) Free use of a large Motor car for both official and personal purposes.

Driver is also provided by the employer.

(2*5=10)

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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MCOM Degree Examination, November 2025

MCM3C13 – Research Methodology

(2022 Admission onwards)

Time: 3 hours Max. Weightage : 30

Section A

Answer any questions. Each questions carries 2 Weightage

1. What is a Pilot Survey? State its importance.
2. What is meant by formulation of a research problem?
3. Write a short note on Case study method in research.
4. State difference between field survey and observation method.
5. Explain the Likert scaling technique with an example.
6. Differentiate between variables and attributes with examples.
7. Define plagiarism and mention ways to avoid it in academic writing.

(4 x 2 = 8 Weightage)

PART B

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

8. Explain the importance of a literature survey in the research process.
9. Describe the various types of sampling errors and non-sampling errors. Suggest methods to minimize their effects in a research study.
10. Explain the difference between population and sample in research and discuss the significance of sampling in social sciences.
11. Describe the process of interviewing in research. How can an interview schedule be effectively used for data collection?
12. Explain the Likert scale and Semantic Differential scale. Highlight their differences and applications in measuring attitudes.
13. Define measurement in research and explain its significance.
14. Explain the steps involved in tabulation of data. How does tabulation help in simplifying complex data sets?

(4 x 3 = 12 Weightage)

PART C

Answer any two questions. Each questions carries 5 Weightage

15. Explain the concept of hypothesis. What are its characteristics and significance in social science research?

16. A researcher wants to study the spending habits of households in a metropolitan city of 10 lakh residents. Explain how you would define the population and select an appropriate sample. Discuss the advantages and disadvantages of your chosen sampling method.

17. A researcher wants to study the impact of online learning on student performance using secondary data from universities. What sources should the researcher consult? Discuss the limitations of relying solely on secondary data for this study.

18. An organization wants to rate employees' performance using the Graphic Rating scale. Prepare a sample scale and explain how it can be applied for performance evaluation.

(2 x 5 = 10 Weightage)

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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MCOM Degree Examination, November 2025

MCM3EF01 – Investment Management

(2022 Admission onwards)

Time: 3 hours Max. Weightage : 30

Part A

Answer any 4 questions. Each question carries 3 weightage

1. Explain the concept of risk-return trade-off.
2. Explain the concept of diversification. How does it reduce unsystematic risk?
3. What is the bond value theorem?
4. What are Capital Market Line and Security Market Line ?
5. What are market anomalies?
6. Discuss arbitrage pricing theory
7. Explain Treynor and Jensen performance measures. (4 x 2 = 8 weightage)

Part B

Answer any 4 questions. Each question 3 weightage

8. What are the objectives of investment? Explain how they vary across investors
9. Explain the different types of bonds
10. Critically evaluate the Efficient Market Hypothesis.
11. Calculate the yield to maturity (YTM) of a bond with the following details:

    Face value: ₹1,000, Coupon rate: 9%, Market price: ₹950, Time to maturity: 4 years

12. An investor owns the share of a company whose current cash dividend is Rs.3. The constant growth rate in dividend is 16% and the required rate of return is 20%. What is the value of share of this company?
13. A Ltd. Provides you the following information. Calculate the expected rate of return of a portfolio. Expected market return 15%. Risk free rate of return 9%. Standard deviation 2.4%. Market standard deviation 2%. Correlation coefficient of the portfolio 0.9.
14. A portfolio has a return of 15% and a standard deviation of 12% and, if the risk free rate is 5%, what is the Sharpe Ratio?

(4 x 3 = 12 weightage)

Part C

Answer any 2 questions. Each question 5 weightage

15. Explain the nature and reasons for portfolio revision. What are its strategies?

16. Explain the Random Walk Theory with reference to stock price movements.

17. The return and probability distribution of investments in two companies A and B is given below. Calculate expected return and standard deviation of both these companies and comment on it.

Company A		Company B	
Return	Probability	Return	Probability
6	0.10	4	0.10
7	0.25	6	0.20
8	0.30	8	0.40
9	0.25	10	0.20
10	0.10	12	0.10

18. Calculate portfolio variance from the following information regarding the variance-covariance matrix of a portfolio which consists of three securities – A, B and C. The proportions of investment are 0.30, 0.20 and 0.50.

Security	A (0.3)	B (0.2)	C (0.5)
A	320	-170	130
B	-170	280	200
C	130	200	160

(2 x 5 = 10 weightage)

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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester MCOM Degree Examination, November 2025

MCM3EF02 – Financial Markets & Institutions

(2022 Admission onwards)

Time: 3 hours

Max. Weightage : 30

Section A

Answer any Four Questions. Each question carries 2 Weightages.

1. What is G-Sec Market?
2. What is financial mortgage market?
3. What is a Certificate of Deposit?
4. What are derivatives?
5. What is short selling?
6. What is insider trading?
7. What is Global Deposit Receipt?

(4 x 2 = 8 Weightage)

Section B

Answer any Four Questions. Each question carries 3 Weightages.

8. What are the functions of NABARD?
9. Write short note on IRDA.
10. What are different types of Pension Plans?
11. Compare MCX and NCDEX.
12. Define debt market and explain its features.
13. What is the procedure of listing securities?
14. What are the advantages of FDI?

(4x 3 = 12 Weightage)

Section C

Answer any Two Questions. Each question carries 5 Weightages.

15. List out the different development financial institutions.
16. What are the measures taken by SEBI to protect secondary market?
17. Explain new innovative financial instruments used today in business world.
18. Explain the role of Development Financial Institutions in Liberalized economy.

(2 x 5 = 10 Weightage)