UPES

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
END Semester Examination, DEC., 2019

Course:BBA AIS

Program: Personal financial planning

Course code: FINC 3004

Instructions: Attempt all Questions

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Semester: V

Time: 3 Hours

Max. Marks: 100

Section (A)   MCQ(10*2)   20 Marks

No	Question	Marks	CO
1	Basic objective of diversification is: a) Increasing return b) Maximizing return c) Decreasing risk d) Maximizing risk	2	CO1
2	Risk-aversion of an investor can be measured by: a) Market rate of return b) Risk-free rate of return c) Portfolio return d) None of the above	2	CO1
3	Risk of a portfolio depends on: a) Risk of elements b) Correlation of return c) Proportion of elements d) All of the above	2	CO1
4	Which of the following will increase the required rate of return? a) Increase in Interest rates b) Increase in risk-free rate c) Increase in degree of risk-aversion d) All of the above	2	CO1
5	Systematic risk of a security can be measured by: a) Coefficient of variation b) Standard deviation c) Beta	2	CO1

	d) Range		
6	Which of the following is unsystematic risk to a firm? a) Inflation b) Surcharge of Income-Tax c) Interest rate d) Scarcity of raw material	2	CO1
7	Total portfolio risk is equal to systematic plus: a) Non-diversifiable b) Diversifiable c) Unavoidable d) None of the above	2	CO1
8	Which of the following is diversifiable through diversification? a) Systematic b) Unsystematic c) Both of the above d) None of the above	2	CO1
9	Which of the following is the variability of the return from a share associated with the market as a whole? a) Unsystematic b) Avoidable c) Systematic d) None of the above	2	CO1
10	Which of the following describes the relationship between expected rate of return and the standard duration? a) Characteristic line b) Capital market line c) Security market line d) None of the above	2	CO1

		Marks	CO
	SECTION B (Short Theory)		
Q2.	What is financial investments? How it is different from real investments?	**5**	**CO1**
Q3.	Define Risk. What are the various sources of risk in an investment? Explain and elucidate.	**5**	**CO2**
Q4.	How can total risk on a security be calculated? Explain with the help of a hypothetical example?	**5**	**CO3**

Q5.	Distinguish between:
	   (a) Open ended and close ended mutual funds
	   (b) Income & growth funds
	   (c) SIP & SWP
		5	**CO3**

	SECTION C (Long Numerical)	**30 Marks**	
		Marks	**CO**
Q6.	Following information is available in respect of three mutual funds schemes.	**10**	**CO3**

Mutual Fund	Actual Returns %	Beta	S.D (%)
A	14	0.7	21
B	26	1.2	30
B	24	1.15	29

The return on market index is 22% and standard deviation of return on market index is 25%. Risk free rate is 5%

Calculate **Sharpe Ratio, Treynor Ratio & Jensen Alpha** for ALL mutual funds and market index and RANK THEM & STATE REMARKS in terms of Under/Out performed the market.

Q7.	The relevant details of a company are:
	Annual turnover Rs.50 Lakhs
	Operating profit 20%
	Equity share capital Rs.20 lakhs (FV Rs.100)
	Capital reserves Rs.5 Lakhs
	12% preference share capital Rs.20 Lakhs
	10% Term Loan Rs.10 Lakhs
	12% Debt Rs.10 Lakhs
	Tax rate 30%, Dividend payout ratio 50%, P/E=30
	
	Find out:
	   (1) EPS
	   (2) DPS
	   (3) MARKET PRICE
	   (4) EARNING YIELS
	   (5) DIVIDEND YIELD
		10	**CO2,3**

Q8.	An investor has 78% of his funds invested in security A and 22% invested in security B. The risk & expected return data is given below:	**10**	**CO2**

Security	Risk %	Expected Return %	Co-Variance %
A	16.32	9.82	0.43
B	32.86	14.97	

What is the portfolio's Expected Return & Risk respectively?

	SECTION-D (Case Let)	**Marks**	**CO**

Q9.	From the following particulars, prepare Balance sheet as on 31-03-18		
	1. Current ratio 2		
	2. working capital Rs.400000		
	3. capital block to current assets 3:2		
	4. fixed assets to turnover 1:3		
	5. sales cash/ credit 1:2		
	6. debenture/ share capital 1:2		
	7. stock velocity 2 months		
	8. creditors velocity 2 months	**30**	**CO3,4**
	9. debtors velocity 2 months		
	10. gross profit ratio 25% on sales		
	11. CAPITAL BLOCK:		
	Net profit 10% of turnover		
	Reserves 2.5% of turnover		
	Note:-Working notes should form part of your Answer		