

Roll No: -----



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Program: BBA (Spl. Finance & Accounting) and BBA FAS

Semester : V

Subject (Course): Fixed income securities

Max. Marks : 100

Course Code : BBA (Spl. Finance & Accounting) - BBCF 151

BBA FAS - BBCF 138

Duration : 3 Hrs

No. of page/s:2

Section - A 4x5 = 20 Marks

Attempt all the questions

Section – A Attempt all the questions			
1.	Explain the roles of regulator in Money market and various features of MM?	5	CO4
22.	Write a short note on repo rate and reverse repo rate.	5	CO3
3.	Explain types of bonds? (Any Five)	5	CO1
4.	What are the periodic classifications of T- bills? And Explain	5	CO2
Section – B Attempt all the questions			
5.	Explain the qualities, operations, pros & cons of treasury bills?	15	CO2
6.	Give brief note on the following (a) Bill market (b) Call money market	15	CO4
Section – C Attempt all the questions			
7.	11% interest rate bond which has maturity of 9 years with principal of \$1,800 has cash payments identical to zero-coupon bonds as \$200 for each year. Find the duration of the bond.	15	CO4
8.	Horizon ltd. has issued 3% semi-coupon bond with 8-years of maturity and Rs. 1,900 as nominal value after 8 years redeemable @ 4%. Suggest perfect discount rate for the investor who purchases the Horizon ltd. bonds.	15	CO1
9.	Calculate the gain or loss for the following change in interest rate. Ten-years bond trading @10% coupon rate. The bond has a face value of \$1,000. coupon rate for which the interest rate has increased from: - a) 10% to 20%. b) 10% to 15%.	10	CO3
Section – D			
10.	Consider yourself as the financial advisor for Air India. Give some suggestions to Air India as an advisor for possibilities of no loss and to overcome the challenges faced by them.	10	CO3

Present value Table

Periods (<i>n</i>)	Interest rates (<i>r</i>)									
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239
16	0.853	0.728	0.623	0.534	0.458	0.394	0.339	0.292	0.252	0.218
17	0.844	0.714	0.605	0.513	0.436	0.371	0.317	0.270	0.231	0.198
18	0.836	0.700	0.587	0.494	0.416	0.350	0.296	0.250	0.212	0.180
19	0.828	0.686	0.570	0.475	0.396	0.331	0.277	0.232	0.194	0.164
20	0.820	0.673	0.554	0.456	0.377	0.312	0.258	0.215	0.178	0.149

Periods (<i>n</i>)	Interest rates (<i>r</i>)									
	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.079	0.065
16	0.188	0.163	0.141	0.123	0.107	0.093	0.081	0.071	0.062	0.054
17	0.170	0.146	0.125	0.108	0.093	0.080	0.069	0.060	0.052	0.045
18	0.153	0.130	0.111	0.095	0.081	0.069	0.059	0.051	0.044	0.038
19	0.138	0.116	0.098	0.083	0.070	0.060	0.051	0.043	0.037	0.031
20	0.124	0.104	0.087	0.073	0.061	0.051	0.043	0.037	0.031	0.026

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Section – A Attempt all the questions			
1.	State the operations of T-bills?	5	CO4
2.	Explain various types of yields in the money market?	5	CO3
3.	Write short note on SEBI.	5	CO2
4.	Mention the features of Gilt-edged securities?	5	CO1
Section – B Attempt all the questions			
5.	What is commercial paper? and briefly explain about it's types, advantages and disadvantages?	15	CO3
6.	What are the differences between the money market and the capital market? and elaborate important functions in the money market?	15	CO4
Section – C Attempt all the questions			
7.	A financial institution issued bond at nominal value for Rs 1,900 for 6 years which has coupon rate of 13%. The bond trading in market @ Rs 1,840 and its reinvestment rate @ 14% Calculate RYTM.	10	CO2
8.	Eight-year 12% coupon bond with a face value of \$1,600 has cash payments identical to zero-coupon bonds as \$200 for each year find the duration of the bond.	20	CO4
9.	7 years maturity 13% planned yield of deep discount bond which has face value of 30,000 find the yield to maturity and if issue price is 7000, 8000 & 9000 what would be the yield.	10	CO3
Section – D			
10.	SBI is one of the A group banking ltd. under the BSE. Comparatively last five days performance in the stock market was poor and its share value has also decreased. Consider yourself as a financial expert and give suggestions for improve its performance in the market.	10	CO1

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