

Time: 2.5 hours

Marks: 75

Note: All Questions are Compulsory / The abbreviation PFP stands for Personal Financial Planning.

Q.1. (A) Multiple Choice Questions (any 8)

(8)

- 1) Don't keep all the eggs in the same basket is related to _____
(a) Live healthy life (b) Diversified portfolio (c) earn profit (d) None of these
- 2) Parameter for deciding on investment options is _____
(a) Reputation of the company (b) Diversified portfolio (c) Post tax return (d) None of these
- 3) Fixed Deposits with SBI is _____ investment.
(a) Moderate Risk (b) Diversified (c) High Risk (d) Low Risk
- 4) Health Insurance and Mediclaim is related to _____.
(a) cash generation technique (b) investment option (c) investing in shares
(d) health & medical planning
- 5) Value investing means _____.
(a) cash generation (b) Stocks are selected that trade for less than intrinsic value (c) Stocks are selected that trade for more than intrinsic value (d) health & medical planning
- 6) If 1.5% per month interest is earned, then for 24 months what will be the Nominal Rate of return?
(a) 36% (b) 24% (c) 15% (d) 16%
- 7) Effective rate of return considers _____ interest.
(a) Compounding (b) Simple (c) Exponential (d) Inflationary
- 8) IRR is the rate of return at which present value of _____ is same.
(a) Outflow & Inflow (b) Debit & Credit (c) Income & Expenditure (d) Profit & Loss
- 9) If the amount invested in mutual fund is Rs.1,00,000 and after 4 years the sales proceeds are Rs.1,35,000, the CAGR will be _____.
(a) 7.791% (b) 35% (c) 18% (d) None of these.
- 10) If amount available to Equity shareholders is Rs.2,00,000 and number of Equity shares are 20,000, the EPS will be _____.
(a) 10 (b) 12 (c) 10% (d) None of these.

Q.1 (B) True / False (any 7)

(7)

- 1) People invest in stocks instead of creating portfolio is the positive investment style.
- 2) Determining current financial position of the client is not required while preparing financial plan.
- 3) Cash planning is a technique which comprises of planning for and controlling of cash.
- 4) Real rate of return is the amount of money generated by an investment before factoring for taxes.
- 5) Incremental rate of returns is a metric used in capital budgeting for measuring the profitability of potential investments.
- 6) Evaluation of investment alternatives is not required while preparing the financial plan.
- 7) Budgeting & forecasting means the same concept.

- 8) Information available in the cash flow statement is useful in assessing the ability of an enterprise to generate cash.
 9) Net worth is the difference between assets and liabilities of an individual.
 10) High P/E ratio is one of the most commonly used metric in value investing.

- Q.2 (a) Explain "Establish Client-Planner relationship" as a step in PFP (8)
 (b) Explain the points to be considered while developing a financial plan. (7)

OR

- Q.2 (p) Explain the reasons why an Individual should Save money. (8)
 (q) Mention the Cash inflows and Cash outflows in financial plan. (7)

- Q.3 Prepare an amortization schedule for Mr. Patil from the following information, (15)
 assuming that the amount payable is an equated annual instalment.

Amount borrowed: Rs.4,40,000

Compound Annual Interest: 12%

Repayment period: 10 years

Note: PV annuity for 10 years should be considered as 5.65022302

OR

- Q.3(p) Dr. Prasad purchased 400 shares of DMART @ Rs.61 each on 15th October, 2014.
 He paid the total brokerage of Rs.600. The company paid the following dividends: (8)

Year	Total Dividend Rs.
June 2015	800
June 2016	1000
June 2017	1200

He sold all his holdings for Rs.34,500 on 15th October, 2017. Calculate Holding Period Return.

- (q) Calculate EPS based on following information provided: (7)

Particulars	Rs.
Sales	18,00,000
Cost of Goods sold	7,20,000
Operating Expenses	3,60,000
Interest	1,80,000
Tax	30%
Preference Dividend	90,000
No.of equity shares	18,000

- Q.4 Prepare Cash Budget of Motilal limited from the data given below for a period of six months (July to December) (15)

Month	Sales (Rs.)	Purchases (Rs.)
May	1,87,500	93,750
June	1,87,500	93,750
July	3,75,000	1,31,250
August	5,62,500	9,18,750
September	7,50,000	3,18,750
October	3,75,000	2,43,750
November	3,75,000	1,68,750
December	3,43,750	-

- i) Collection estimates: 5% within the month of Sales, 80% during the month following the sales and 15% during the second month following the sales.

- ii) Payment for purchases is made in the next month.
- iii) Salary of Rs.28,125, Lease payment of Rs. 9,375, Miscellaneous expenses Rs. 2,875 are paid each month.
- iv) Monthly depreciation is Rs.37,500.
- v) Income tax Rs.65,625 each is paid in September and December.
- vi) Payment for research in October Rs.1,87,500.
- vii) Opening balance as on 1st July Rs.137,500.

OR

Q.4 From the following data supplied by Yog limited, evaluate the Car manufacturing projects based on NPV and advise the management as to which project should be continued and why? (15)

Particulars	Maruti	Fiat	Toyota
Initial Outflow	40,00,000	60,00,000	80,00,000
Inflows:			
Year 1	6,00,000	8,10,000	12,00,000
Year 2	12,00,000	16,20,000	24,00,000
Year 3	15,00,000	20,25,000	30,00,000
Year 4	21,00,000	28,35,000	42,00,000
Year 5	4,50,000	6,07,500	9,00,000
Year 6	7,50,000	10,12,500	15,00,000
Year 7	12,60,000	17,01,000	25,20,000

You need to apply the discounting factors mentioned below:

Year	1	2	3	4	5	6	7
Dcf@10%	0.909	0.826	0.751	0.683	0.621	0.564	0.513

- Q.5 (a) What do you mean by behavioural finance? (8)
- (b) Explain the role of emotions in financial decision making. (7)

OR

- Q.5 Short Notes (any 3) (15)
- 1) Effective rate of return
- 2) Motives of holding cash
- 3) Time value of money
- 4) CAGR
- 5) Education Planning