Knowledge Alone Liberates
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Somaiya Vidyavihar

SOMAIYA
VIDYAVIHAR UNIVERSITY

Dr. Shantilal K. Somaiya School of Commerce and Business Studies

QUESTION PAPERS

BRANCH: Bachelor of Commerce (Accounting & Finance) Hons.	**SEM: III**
	OCT-2022

Sr. No.	Subject	Available
1.	131U03V301 – Financial Management I (A)	
2.	131U03V301 – Financial Management I (B)	
3.	131U02C301 – Corporate A/C	
4.	131U03C301 – Corporate Accounting I	
5.	131U02C302 -	
6.	131U03V304 – Financial Economics	
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		

SOMAIYA
VIDYAVIHAR UNIVERSITY

October 2022 Examination: Semester Examination (UG Programmes)			
Programme code: Programme: BAF (Hons)		Class: SY BAF	Semester: III
Name of the Constituent College: S.K Somaiya College		Name of the Department: Accounting and Finance	
Course Code: 131U03V301	Name of the Course: Financial Management - I		
Duration: 2 Hr.	Maximum Marks: 60		
Instructions: 1) Draw neat diagrams 2) Assume suitable data if necessary			

Question No.		Max. Marks
Q1	Attempt the following:	
a.	Credit unlimited Ltd. has issued fully convertible bonds with face value of ₹ 100 with coupon rate of 15% p.a. which will convert in 10 equity shares of ₹ 10 each at the end of 6 years. Find out the value of debentures if the expected rate of return of an investor is 21% p.a. and expected market price of one share after 6 years is ₹ 26.80. Interest on debentures will be paid on half yearly basis.	(10)
b.	What is YTM of each bond? Which bond will you recommend for investment?	(5)

Bond	Coupon Rate	Maturity	Price/₹ 100 Par Value
Bond X	12%	8 years	₹ 81
Bond Y	13%	7 years	₹ 72

	OR	
a.	ABC company earns a rate of 12% on its total investment of Rs. 6,00,000 in assets. It has 6,00,000 outstanding common shares at Rs. 10 per share. Discount rate of the firm is 10% and it has a policy of retaining 40% of the earnings. Determine the price of its share using Gordon's Model. What shall happen to the price of the share if the company has pay-out of 50% (or) 21% (or) 78% (or) 25%?	(15)
Q2	Attempt the following:	
a.	Explain Security Analysis and what are the Advantages?	(8)
b.	What is Efficient Market Theory and what are the assumptions?	(7)
	OR	
a.	Explain in detail Security Analysis, Fundamental Analysis, Technical Analysis and Advantages of Security Analysis.	(15)
Q3	Attempt the following:	(15)
a.	The earnings per share of a company are Rs. 20 and the rate of capitalization applicable to the company is 10%. The company has before it an option of adopting a payment ratio of 30% (or) 60% (or) 80% (or) 100%. Using Walter's formula of dividend pay-out, compute the market value of the company's share of the productivity of retained earnings (i) 12% (ii) 8% (iii) 5% (iv) 10%.	

a.	OR X Ltd., had 42,000 equity shares of Rs. 80 each outstanding on 1st April, the shares are issued at par in the market, the company removed restraint in the dividend policy, the company ready to pay dividend of Rs. 15.27 per share for the current calendar year. The capitalization rate is 13.25%. Using MM approach if no taxes, calculate the price of the shares at the end of the year: (a) When dividend is not declared. (b) When dividend is declared. (c) Find out the number of new shares that the company issues to meet its investment needs of Rs 12,37,000 if net income of Rs. 7,53,500 and assuming that the dividend is paid.	(15)
Q4 (a)	Fill in the blanks	
1	Gordon Model assumes that future dividends are the sole determinant of the ....value of the common shares.	(10)
2	According to .... model, there would be no impact of the dividend declaration on the market price of the share so long as it is at the expected rate.	
3	A stock split is a change in the number of ....shares through a proportional reduction.	
4	The .... shares allow the firms to declare a dividend without using up cash that may be needed for operations or expansion.	
5	A ....is the right to purchase a specified number of shares of common shares during a stated time period and a stipulated price.	
6	The amount of dividend that can be legally distributed is governed by the .... law.	
7	With ....approach, the firm recognizes that the payment of dividends has a strong influence on the market price of the common shares.	
8	The non-institutional underwriters are	
9	The security price prevailing in market is called	
10	Beta is useful for comparing the relative .... risk of different stocks.	
Q4 (b)	State whether the following statements are true or false:	
1	The difference between depreciation and capital expenditures is referred to as net capital expenditures.	(5)
2	Every equity valuation takes one most important financial indicator into account.	
3	Diversification can reduce risk.	
4	Risk is the possibility that an investment's actual return will be different than expected.	
5	Higher risk equals greater return.	

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October 2022 **Examination: Semester Examination (UG Programmes)**		
Programme code: **Programme:** BAF (Hons)	**Class:** SY BAF	**Semester:** III
Name of the Constituent College: S.K Somaiya College	**Name of the Department:** Accounting and Finance	
Course Code: 131U03V301	**Name of the Course:** Financial Management - I	
Duration: 2 Hr.	**Maximum Marks:** 60	
Instructions: 1) Draw neat diagrams 2) Assume suitable data if necessary		

Question No.		Max. Marks
Q1	Attempt the following:	
a.	Credit unlimited Ltd. has issued fully convertible bonds with face value of ₹ 100 with coupon rate of 15% p.a. which will convert in 10 equity shares of ₹ 10 each at the end of 6 years. Find out the value of debentures if the expected rate of return of an investor is 18% p.a. and expected market price of one share after 6 years is ₹ 30.00. Interest on debentures will be paid on half yearly basis.	(10)
b.	What is YTM of each bond? Which bond will you recommend for investment?	(5)

Bond	Coupon Rate	Maturity	Price/₹ 100 Par Value
Bond X	11%	10 years	₹ 76
Bond Y	12%	7 years	₹ 69

OR

a.	Calculate the duration of Bond from the following details. Face Value = ₹ 1,000 Coupon Rate (payable annually) = 13 % Years to Maturity = 5 years Redemption value = ₹ 1,000 Current Market Price = ₹ 1036 Yield to Maturity = 12%	(7)
b.	A 10-year bond of ₹ 1,000 has an annual rate of interest of 12 per cent. The interest is paid half-yearly. What is the value of the bond if the required rate of return is (i) 12 percent and (ii) 16 per cent Given the required rate of return of 12 per cent, Calculate the value of the bond.	(8)
Q2	Attempt the following:	
a.	What is Industry Analysis and explain its factors.	(7)
b.	Explain Technical Analysis and different types of charts?	(8)
	OR	
a.	Explain in detail Security Analysis, Fundamental Analysis, Technical Analysis and Advantages of Security Analysis.	(15)

Q3 a.	Attempt the following: The earnings per share of a company are Rs. 50 and the rate of capitalization applicable to the company is 12%. The company has before it an option of adopting a payment ratio of 25% (or) 50% (or) 60% (or) 85%. Using Walter's formula of dividend pay-out, compute the market value of the company's share of the productivity of retained earnings (i) 13% (ii) 10% (iii) 8% (iv) 7.5%. **OR**	(15)
a.	X Ltd., had 25,000 equity shares of Rs. 100 each outstanding on 1st April, the shares are issued at par in the market, the company removed restraint in the dividend policy, the company ready to pay dividend of Rs. 15 per share for the current calendar year. The capitalization rate is 15%. Using MM approach assuming that no taxes, calculate the price of the shares at the end of the year: (a) When dividend is not declared. (b) When dividend is declared. (c) Find out the number of new shares that the company issues to meet its investment needs of Rs 15,00,000 assuming that net income of Rs. 7,50,000 and assuming that the dividend is paid.	(15)
Q4 (a)	Fill in the blanks	(10)
1	Dividend warrants must be posted within ...... days of the declaration date.	
2	Retained earnings are	
3	The corporate income which is given to the shareholders as a return on investment is known as	
4	In retention growth model, percent of net income firms usually pay out as shareholders dividends, is classified as	
5	Payout ratio is subtracted from one to calculate	
6	As per Gordon's Model payout ratio is irrelevant in case of	
7	A .... is an issue of equity shares or of convertible securities by listed companies to a select group of persons, which is neither a rights issue nor a public issue.	
8	An .... is the selling of securities to the public in the primary market.	
9	Beta is a measure of the systematic risk of a security that cannot be avoided through	
10	The .... for some future period is known as the expected return.	
Q4 (b)	State whether the following statements are true or false:	(5)
1	Amortisation of recorded goodwill enables the company to match the cost of intangible assets with benefits from their use.	
2	The "cash flow to equity" approach to valuation directly discounts the firm's cash flow to the equity owners.	
3	The more volatile the underlying instrument, the higher the price of the warrant will be.	
4	The total equity of a company is the sum of all its tangible assets.	
5	Every equity valuation takes one most important financial indicator into account.	

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<table>
<tr><td colspan="3">October 2022
Examination: Semester III Examination (UG programme)</td></tr>
<tr><td>Programme code: 02 and 03
Programme: Bachelor of Commerce in Accounting and Finance and Bachelor of Commerce in Accounting and Finance (Honours)</td><td>Class: TY</td><td>Semester: III</td></tr>
<tr><td>Name of the Constituent College:
S K Somaiya College (SKSC)</td><td colspan="2">Name of the Department: Accounting and Finance</td></tr>
<tr><td>Course Code: 131U02C301</td><td colspan="2">Name of the Course: CORPORATE A/C'S</td></tr>
<tr><td>Duration: 2 hours</td><td colspan="2">Maximum Marks: 60</td></tr>
<tr><td colspan="3">Instructions: 1) All questions are compulsory 2) Figures to the right indicates full marks</td></tr>
</table>

Q.1.A What Journal entries would be made if 1000 6% Debenture of ₹.100 each were: **(15)**

(a) Issued at par and repayable at ₹.100

(b) Issued at a discount of ₹.5, repayable at par

(c) Issued at a premium of 5%, repayable at par.

(d) Issued at par, repayable at premium of ₹.5.

(e) Issued at a discount of 5%, repayable at premium of ₹.5 and (f) Issued at a premium of 5%, repayable at a premium of 10%.

OR

Q.1.B **(15)**

A, B & C were partners carrying partnership business and sharing profit and losses in the losses of 1:2:3 respectively. On 31st March, 2019, their balance sheet was as under:-

Liabilities	Amount	Assets	Amount
Capital:-		Building	20,000
- A	10,000	Machinery	30,000
- B	20,000	Car	5,000
- C	30,000	Stock	15,000
Loan from B	20,000	Debtors	20,000
Creditors	15,000	Bank Balance	9,000
Bills Payable	5,000	Investment	1,000
	1,00,000		1,00,000

On 31-03-2019 a new company named "Laxmi Ltd" was formed and it took over the business at the following terms and conditions :-

1) All assets (except cash and investment) and all the liabilities (except B'S Loan) to be taken over by the company for which all assets are taken at book value except the following:-
Building Rs.27,000; Stock Rs.14,000; Goodwill Rs.30,000

2) B's Loans will be settled by taking over the firms cash and Investment at book value and for the balance amount he will be given 8% debentures in LAXMI Ltd.
3) Balance of purchase consideration will be received in the form of equity shares of the company which are to be distributed appropriate amongst partners.
Pass Journal Entries & Ledger accounts in the books of the firms.

Q.2.A (15)

Following were the Balance sheet of Two firm M/s A & B; M/s X & Y as on 31st March, 2019.

Balance Sheet

Liabilities	A & B Co Rs.	X & Y Co. Rs.	Assets	A & B Co Rs.	X & Y Co. Rs.
Creditors	3,00,000	1,50,000	Building	2,00,000	-
Bills Payable	1,05,000	90,000	Plant and Machinery	2,50,000	1,75,000
Capital : A	2,50,000	-	Fixtures and Patterns	50,000	35,000
B	2,50,000	-	Furniture	30,000	50,000
C	-	1,35,000	Debtors	1,50,000	1,25,000
D	-	1,35,000	Stock in hand	2,20,000	1,05,000
			Cash at bank	5,000	20,000
	9,05,000	5,10`,000		9,05,000	5,10,000

A & B were sharing Profit and Losses in the ratio of 3:1 and X & Y were sharing profits equally. The two firms were amalgamated on the date and assets and liabilities were revalued as follows:-

1. Fixture and Patterns of A and B were revalued at Rs.40,000 that of X and Y that at Rs.50,000.
2. 5% Reserve for Doubtful debts is to be provided on Debtors of both the firms.
3. Reserve 2% for discount on creditors of both the firms.
4. Furniture of both the firms was taken at 5% depreciation.
5. Building was appreciated by 30% but plant and Machinery of both the firms were to be depreciated by 15%.
6. Other asset and liabilities were taken at book values.

Prepare Ledger Accounts in the books of A&B Co and amalgamated Balance sheet.

OR

Q.2.B. **(8)**

Pass Journal Entries for the following transaction in foreign currency in the books of DBK Industries Ltd.

DBK Industries Ltd invoiced goods to west Germany worth US $ 1,00,000 on 10th March, 2014 on which date exchange rate of US $ 1 was Rs.61.00. The payment for the same was received as under:-

Date of Payment	Received	Exchange rate for 1US $
20-03-2014	US $ 40,000	Rs.62.60
29-03-2014	US $ 35,000	Rs.61.00
15-04-2014	US $ 25,000	Rs.63.25

The company closes its accounting year on 31st March. The exchange rate on 31-03-2014 was 1US $ Rs.64.00.

Q.2.C. **(7)**

Kunal Ltd. issued 1000 equity shares of Rs. 10 each at Rs. 12 each payable as under Rs.2.50 on application , Rs. 4.50 allotment (including premium) , Rs. 2.00 on first call and Rs. 3.00 on final call. Full Allotment money done as the issue was fully subscribed. First call and final call money was also received in full except on 200 shares held by DK. These shares were forfeited by the directors and reissued for Rs 8 again to HP.

Pass entries only for forfeiture and reissue of shares along with profit on reissue. Workings shall form part of the answer.(other entries are not required)

Q.3. A **(8)**

Kiran Limited issued 10,000 shares of Rs.10 each. These shares were underwritten as follows.

A. 6,000 shares, B: 2,500 shares, C: 1,500 shares.

In addition to the above underwritten as follows: A: 800 shares, B: 300 shares, C: 1,000 shares

Total subscriptions received by the company including firm underwriting and marked applications were 7,000 shares.

The applications were marked as follows: A: 1,000 shares, B: 2,000 shares, C: 500 shares

You are required to determine the liability of underwriting , if underwriters were given credit for firm underwriting.

Q.3.B. Discuss the order of payment of external liabilities and partners capital in case of excess capital method. **(7)**

OR

Q.3.C **(15)**

Mr. X, Mr. Y and Mr. Z were in partnership with a capital of Rs.30,000 originally contributed in the ratio of 3:2:1 respectively and sharing profit and losses in the same proportion. Their firm was dissolved as on 31st March 2022 on which date the Balance Sheet of the firm was as under

Balance Sheet As At 31st March, 2022

Liabilities	Rs.	Assets	Rs.
Capitals :		Cash	8,000
Mr. X	36,000	Debtors	80,000
Mr. Y	20,000	Stock	32,000
Mr. Z	4,000		
Loans Mr. X	12,000		
Mr. Y	8,000		
Creditors	40,000		
	1,20,000		1,20,000

It was agreed that the realisation should be distributed in their due order at the end of each calendar month. The realisation and expenses were as under:

Particulars	Debtors Rs.	Stocks Rs.	Expenses Rs.
April	15,000	8,000	3,000
May	19,000	2,000	1,000
June	13,000	15,000	2,000
July	19,000	2,500	500
August	5,000	7,000	1,000

Show the Statement of distribution of cash on the basis of excess capital method.

Section		Max. Marks
Q4.A.	Fill in the blanks: 1) In case, Debentures of Rs 10,000 are issued at par but payable at a premium of 10% the premium payable will be debited to -------- (A) Debenture Suspense Alc (B) Loss on issue of Debenture A/C (C) Premium on Redemption of Debentures AC (D) None of these 2) The maximum allowable Underwriting commission is -------% of issue price of Debentures. (A) 5 (B) 10 (C) 2.5 (D) 8 3) In piecemeal distribution according to surplus capital Method, final deficit of each partner. (A) will be in ratio of capital (B) will be in mutually agreed ratio (C) will be in profit sharing ratio (D) will not be in profit sharing ratio 4) An amount of Rs. 20,000 was kept a side for the dissolution expenses, but the actual amount of expenses comes to Rs. 16,000, then: (A) Rs. 4,000 will be deducted from the Last installment. (B) Rs. 4,000 will be added the last installment. (C) Rs. 16,000 will be deducted from the last installment.	07

	(D) Rs. 20,000 will be deducted from the first installment and Rs. 4,000 will be added to the last installment. 5)Purchase consideration may be settled in.... A) Cash/shares/debenture of Ltd. Co. B) Cash only C) Shares of Ltd. Co. Only D) Debenture of Ltd. Co only 6)Which of the following is not external liability .... A) Realisation Exp. B) Govt. Dues C) Loan from Partners D) Secured Assets 7)On conversion of firm into a limited company A. A) new company is formed B) Old firm is dissolved C. A new partner is admitted D) Both A & B	
Q.4.B	**State whether the following statements are true or false :** 1. Profit/loss on realisation should be distributed among the partners in their profit sharing ratio. 2. Provident fund is preferential liability 3. Maximum Loss method and excess capital method both are same. 4. Outstanding wages is unsecured liability. 5. AS 14 deals with Amalgamation of firm. 6. Underwriting is compulsory for every company undergoing public issue.	(8)

	7. Old firm continues in case of conversion of a firm into limited company. 8. Profit on reissue is transferred to security premium account.	

BAF (HONS) 2022

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Semester (June 2022 to October 2022) **Examination: End Semester Examination October 2022 (UG Programmes)**			
Programme code: 03 **Programme: Accounting & Finance**	**Class:** SYBAF (Hons)		**Semester:** III
Name of the Constituent College: **S K Somaiya College**		**Name of the Department: Accounting & Finance**	
Course Code: 131U03C301	**Name of the Course: Corporate Accounting – I**		
Duration : 2 Hrs.	**Maximum Marks : 60**		
Instructions: 1)Draw neat diagrams 2)Assume suitable data if necessary 3) Use of Simple Calculator is allowed			

Q. No.		Max. Marks
Q.1.	**A)** Yug Ltd issued for Public Subscription 40,000 Equity Shares of Rs 20/- each at a premium of Rs. 4 per shares payable as under: On Application Rs. 4 per shares On Allotment Rs. 10 per shares (including premium) On First Call Rs 4 per share On Final Call Rs 6 per share Applications were received for 60,000 shares. Allotment was made pro-rata to the applications for 48,000 shares, the remaining applications being refused. Money over paid on application was utilized towards sum due on allotment. Ramesh to whom 1,600 shares were allotted failed to pay the allotment money and first and final call money. Hitesh to whom 2,000 shares were allotted failed to pay the two calls. These shares were subsequently forfeited after the final call was made. All the forfeited shares were sold to Bhushan as fully paid up shares of Rs. 18 per share. Pass Journal entries in the books of Yash Ltd. **OR** **B)** **1)** B.Ltd. purchased assets of the book value of Rs 4,00,000 and took over the liability of Rs 50,000 from Mohan Bros. It was agreed that the purchase consideration, settled at Rs,3,80,000, be paid by issuing debentures of Rs 100 each. What Journal entries will be made in the following three cases, if debentures are issued: (a) at par; (b) at discount; (c) at premium of 10%? It was agreed that any fraction of debentures be paid in cash. **2)** X.Ltd. purchased a Machinery from Y for an agreed purchase consideration of Rs 4,40,000 to be satisfied by the issue of 12% debentures of Rs 100 each at a premium of Rs 10 per debenture. Journalize the transactions.	**(15)** **(10)** **(5)**
Q.2.	**A)** M/s Lotus Ltd issued 1,50,000 shares of Rs. 10 each at a premium of Rs 10 each issue was underwritten as follows: Amod: 90,000 Shares Pramod: 37,500 Shares Vinod: 22,500 Shares Firm Underwriting: Amod: 12,000 Shares Pramod: 4,500 Shares Vinod: 15,000 Shares	**(15)**

Total subscription received by Lotus Ltd (Excluding firm underwriting and marked applications were 22,500 shares

The marked applications (Excluding firm underwriting) were as follows;

Amod: 15,000 Shares
Pramod: 30,000 Shares
Vinod: 7,500 Shares

Commission payable to underwriters is at 5% of the issue price. The underwriting contract provides that credit for unmarked applications be given to the underwriter in proportion to the shares underwritten.

- Determine Net Liability of each underwriter
- Pass Journal Entries in the books of company

OR (15)

B) The Firm Carnival presents you with following Balance sheet as at 31.3.2021

Balance Sheet As on 31.3.2021

Liabilities	*Amount*	*Assets*	*Amount*
Capital Account:		Goodwill	1,20,000
Vaibhav	2,40,000	Building	2,40,000
Vishal	1,60,000	Plant	2,68,000
Vinayak	3,00,000	Stock	1,23,000
General Reserve	80,000	Debtors	1,80,000
Loan from Vishal	40,000	Bills Receivable	37,000
Sundry Creditors	1,60,000	Bank	12,000
	9,80,000		9,80,000

Following are Amounts realized and Expenses on Realization:

Date	*Realization*	*Expenses*
31st July	1,10,000	2,000
31st August	3,40,000	10,000
30th September	3,50,000	5,000
31st October	1,62,000	3,000

You are required to prepare statement to show the piecemeal distribution of cash available under Excess Capital Method.

Q.3. **A)** The Balance Sheet of Raghu & co and Ram & co for the year ended on 31.3.2021 were as follows:

Balance Sheets as on 31.3.2021

Liabilities	*Raghu & co*	*Ram & Co*	*Assets*	*Raghu & Co*	*Ram & Co*
Capital Account:			Building	72,000	94,800
Abhijit	72,000	---	Plant	50,400	57,600
Shrijeet	72,000	---	Furniture	21,600	25,200
Manav	---	72,000	Debtors	43,200	61,200
Nilay	---	72,000	Stock	57,600	64,800
Creditors	1,08,000	72,000	Cash	7,200	3,600
Loan	---	79,200	Bank	14,400	10,800
O/s Expenses	14,400	22,800			
	2,66,400	3,18,000		2,66,400	3,18,000

They decided to amalgamate their firms and to form New firm M/s Raghuram & Co. Partners would share profits and losses equally between themselves as they were doing prior to amalgamation and they agreed to following revaluation of assets and liabilities

Particulars	Raghu & Co	Ram & Co
Land	90,000	90,000
Machinery	60,000	64,000
Furniture	20,000	24,000
Debtors	42,000	60,000
Stock	58,000	68,000
Creditors	1,04,000	68,000
Loans	---	76,000
Outstanding Expenses	14,400	22,800

a) They decided to value the Goodwill at Rs. 70,000 and 40,000 for Raghu & co and Ram & co respectively

b) Capital of each partner will appear in new firm at Rs. 75,000 each.

Prepare Necessary Ledger Accounts.

OR

B) Babul Ltd exported goods to Colgate Ltd from USA worth US $ 50,000 on 5th February, 2021 when exchange rate was Rs. 70 per US $ **(15)**

The payment was received in installment as under:

Date	Amount of Installment	Exchange rate per US $
14-01-2021	10,000 (Advance)	Rs. 71
20-03-2021	20,000	Rs. 72
14-04-2021	15,000	Rs. 71
18-05-2021	5,000	Rs. 69

Babul Ltd closes its books every year on 31st March. On 31th March, 2021, the exchange rate was Rs.73 per US $

You are required to pass journal entries in the books of Babul ltd for the year ended on 31st March, 2021 and 31st March, 2022. Also prepare Foreign Exchange Fluctuation Account in the Books of Babul Ltd.

Q.4. Attempt the following (5 Marks each) **(15)**

A) Fill in the Blanks

1) Government Dues are ______ Creditors in case of dissolution of Firm
   a. Unsecured Creditors b. Preferential Creditors c. Sundry

2) In Balance Sheet Debentures are shown Under ________
   a. Share Capital b. Reserves and Surplus c. Secured Loan

3) Underwriting Commission on Debentures is restricted to ________
   a. 10% b. 5% c. 2 ½ %

4) Transactions translated at the exchange rate prevailing on the date of the transaction is known as ______
   a. Spot Rate b. Average Rate c. Closing Rate

5) Shares issued to Directors of the company are known as ______
   a. Sweat Equity b. Bonus Shares c. Right Shares

B) Match the following

	Group "A"		Group "B"
1	Monetary Item	A	Written off to Profit & Loss A/c
2	Loan form Partner	B	Gross liability
3	Discount on Debentures	C	Reserves & Surplus
4	Surplus in Underwriter account	D	Internal Liability
5	Premium on issue of shares	E	Trade Receivable

C) State whether following statements are True or False

1. Increase in exchange rate at the time of payment received against export proceeds will results in foreign exchange gain.
2. Purchase consideration is amount payable by new firm to vendor firm
3. Shares cannot be issued against exchange of machinery
4. Balance amount after payment of all liabilities is distributed to all partners in their PSR in case of Piecemeal Distribution of cash.
5. When whole issue is underwritten by two or more persons, it is known as Partial Underwriting.

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Semester (June 2022 to October 2022) **Examination: End Semester Examination October 2022 (UG Programmes)**		
Programme code:02 **Programme: BAF&BAF(HONS)**	**Class:** SY	**Semester:** III
Name of the Constituent College: **S.K. Somaiya College**	**Name of the Department** Accounting and Finance	
Course Code: 131U02C302	**Name of the Course:**	
Duration : 2 Hrs.	**Maximum Marks : 60**	
Instructions: All the questions are compulsory		

Question No.		Max. Marks
Q.1	(A) Miss Farha is a Bollywood choreographer. Two relatives of her started their dance academy in partnership. To get good business they approach Miss Farha to lend her name for the partnership firm. What she will be called as. Also explain some other types of Partners. (B) Write down the advantages of LLP. **OR** (C) Mr. Aftab a partner in Chand partnership firm got admitted his son in his partnership business without consent of other partners. Explain Mr. Aftab as a Law subject students, the provisions relating to Incoming and Outgoing partners.	8 7 15
Q.2	(A) Mrs. Sunita, a domestic maid was getting unwelcomed touch by her master every day. She is working at home as a maid. For such unwelcome act from employer can she file a case under POSH Act. Is home a workplace? Explain with a detail note on Workplace. (B) How is registration of Shops and Establishment done? **OR** (C) In a factory one mechanic while checking the electric supply got a high voltage shock. He was not provided with proper gadgets for his safeguard. State which safety precautions are required under Factory Act.	8 7 15
Q.3	(A) At a workplace an Employer constituted an ICC with a male Presiding Officer, 1 female and 4 male members. Is this constitution of ICC correct? Explain with proper provisions. (B) The invention with novelty and industrial application, explain in detail? **OR** (C) Mr. Omprakash wrote a book on different homemade medicines to cure CoronaVirus. Under which Intellectual Property Right he will get protection? Also state tenure of that right with Registration procedure and remedies for using his right without his permission.	8 7 15
Q.4	**(A) STATE TRUE OR FALSE** 1. A firm can become the member of another partnership firm 2. LLP is much easier to form than a Partnership	8

3. Factory is a premises where 10 or more workers working without aid of power
4. Section 98 talks about False Certificate of Fitness under Factory Act
5. No adult worker is allowed to work continuously for more than 14 hours in shops unless provided with half an hour interval
6. Pre-Grand and Post grant opposing is in Copyright
7. The member of IC can hold office upto 5 years
8. Trademarks are IP rights on confidential information which may be sold or licensed

(B) MATCH THE FOLLOWING **7**

A	B
1. Minor partner	a) Manufacturing process
2. Partner by estopple	b) LLP
3. Designated partner	c) For the fruits of business
4. Tenure 60 year to legal representative	d) Not allowed for young person
5. Cotton openers	e) need to bear liability
6. Body corporate	f) Copyright
7. Cold storage	g) At least one resident of India

SOMAIYA
VIDYAVIHAR UNIVERSITY

October 2022 Examination: Semester Examination (UG Programmes)		
Programme code: 03 Programme: BAF (Hons)	Class: SY BAF	Semester: III
Name of the Constituent College: S.K Somaiya College	Name of the Department: Accounting and Finance	
Course Code: 131U03V304	Name of the Course: Financial Economics	
Duration: 2 Hr.	Maximum Marks: 60	
Instructions: 1) Draw neat diagrams 2) Assume suitable data if necessary		

Question No.		Max. Marks
Q1	Attempt the following:	
a.	What is Merger and explain Merger Theories.	(8)
b.	Explain modified Black-Scholes European Model and what are the assumptions of Black-Scholes European Model.	(7)
	OR	
a.	Explain in detail types of orders.	(8)
b.	Explain Efficient Market Hypothesis and different forms of market efficiency.	(7)
Q2	Attempt the following:	
a.	What is Microstructure and issues in market structure?	(8)
b.	Explain in detail the different trading strategies.	(7)
	OR	
a.	Explain in detail Capital Market and Financial Sector Reforms in India.	(15)
Q3	Attempt the following:	
a.	A has portfolio having following features:	(8)

Security	β	Random Error σei	Weight
A	1.60	7	.25
B	1.15	11	.30
C	1.40	3	.25
D	1.00	9	.20

You are required to find out the risk of the portfolio deviation of the market index (σm) is 18%.

b. Current market price = Rs. 550, Exercise Price = Rs. 590, Maturity Period = 1yr, (7)
On Maturity:
Upper price = Rs. 600
Lower price = Rs. 400
RF = 11% per annum.
Calculate the value of option using binomial option pricing model.

OR

a. Current market price = Rs. 91, Exercise Price = Rs. 100, Maturity Period = 1yr, On Maturity: (8)

Upper price = Rs. 150

Lower price = Rs. 50

RF = 13% per annum.

Calculate the value of option using binomial option pricing model.

b. From the following calculate Beta of a Security. (7)

Year	Return on Security (%)	Return on Market Portfolio (%)
1	10	12
2	12	11
3	15	14
4	10	12
5	08	11

Q4 (a) Fill in the blanks (10)

1 Options can be divided into two types: .... and ....

2 Financial derivatives markets in India are regulated and controlled by the ....

3 In a .... derivatives, the underlying instrument is a commodity which may be wheat, cotton, pepper, sugar, jute, turmeric, corn, soybeans, crude oil, natural gas, gold, silver, copper and so on.

4 The .... of an option contract is that amount which is paid by the option buyer to the option seller.

5 The .... interest rate is the interest rate that may be obtained in the marketplace with virtually no risk.

6 Corporate bonds are medium or long-term securities of .... sector companies.

7 The development of the g-securities market is essential for establishing the .... benchmark in financial markets and ensuring their functioning in an efficient manner.

8 The .... through its conduct of monetary policy influences the different segments of the Financial Market in varying degrees.

9 ....are usually bought by institutions not requiring high liquidity of their financial assets.

10 A .... option can be exercised on the expiration date only whereas an .... option can be exercised at any time before the maturity date.

Q4 (b) State whether the following statements are true or false: (5)

1 Index derivatives are derivative contracts which have the index as the underlying.

2 Spot position is the quoted price of the underlying asset for buying and selling at the spot time or immediate delivery.

3 A put option gives the holder the right but not the obligation to buy an asset by a certain date for a certain price.

4 The fundamental insight of Black and Scholes is that the put option is implicitly priced if the stock is traded.

5 Acceptance houses perform the function of discounting/rediscounting the commercial bills and T-Bills.