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VIDYAVIHAR UNIVERSITY

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

QUESTION PAPERS

BRANCH: Bachelor of Commerce (Accounting & Finance) Hons.	**SEM: VI**
	APR-2025

Sr. No.	Subject	Available
1.	131U03C401 – Security Analysis & Portfolio Management	
2.	131U03V601 – Transfer Pricing	
3.	131U03C602 – Advanced Costing Techniques	
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April 2025 Examination: End Semester Examination (UG Programmes)		
Programme code: 03 Programme: BAF (Hon)	**Class:** TYBAF(Hons)	**Semester:** VI
Name of the Constituent College: S K Somaiya College	**Name of the Department:** Accounting & Finance	
Course Code: 131U03C401	**Name of the Course:** Security Analysis and Portfolio Management	
Duration : 2 Hrs.	**Maximum Marks :** 60	
Instructions: 1) Use of Simple Calculator is allowed		

Q. No.		Max. Mark	CO
Q.1	Attempt the following:	(15)	
	A) From the following information calculate measure of systematic risk and expected return using measure of systematic risk (Beta) **(8 Marks)**		02

Economic Condition	*Probability*	*Kapil Ltd (%)*	*Market (%)*
High Growth	0.3	18	20
Low Growth	0.4	16	18
Stagnation	0.2	18	20
Recession	0.1	11	14

B) Mr. Lal and Mr. Pal provide details of their investments as follows **(7 Marks)** — CO 02

Mr. Lal Purchase 500 shares of Iconic Ltd @ Rs. 500 per share on 1st April 2023. He paid Brokerage of Rs. 2,000 on its acquisition. Company paid Dividend Rs. 2 per share. He sold all his holdings on 31st March 2024 @ Rs. 1,050 per share and paid brokerage of Rs. 2,000 on sale.

Mr. Pal holds 200 shares of TCS Ltd Rs. 2,000 per share on 1st April 2023. He paid Brokerage of Rs. 5,000 on the same. Company paid a dividend of Rs. 2,500 during the year. He sold all the shares @ Rs. 3,000 per share on 31st March 2024 and paid brokerage of Rs. 7,000 on the same.

Calculate Holding Period Returns and state whose investment is more profitable.

OR

C) Explain the term Portfolio Management? Explain the role of Portfolio Manager in investment decision. **(8 Marks)** — CO 01

D) Explain different Characteristics of Investments. **(7 Marks)** — CO 01

Q.2			
	A) Mr. Prabhas has the following portfolio of 4 shares: **(8 Marks)**	(15)	03

Company	Expected Returns	Investment (Rs.)	Standard Deviation
Dev Ltd	18%	2,50,000	25%
Danav Ltd	22%	2,50,000	30%

If the correlation is 0.75. Find out the standard deviation of portfolio and expected returns.

B) Following data is related with Closing Prices of Dixon Ltd from 1st January 2025 to 12st January 2025: **(7 Marks)** 03

Date	*Day*	*Closing Price*
1st January	Sunday	No Trading Day
2nd January	Monday	11,850.50
3rd January	Tuesday	11,990.00
4th January	Wednesday	11,110.75
5th January	Thursday	11,200.00
6th January	Friday	No Trading Day
7th January	Saturday	No Trading Day
8th January	Sunday	No Trading Day
9th January	Monday	11,340.60
10th January	Tuesday	11,550.70
11th January	Wednesday	11,610.00
12th January	Thursday	11,800.00

Calculate Exponential Moving Average (EMA) of Dixon Ltd during the above period. The 30-day simple moving average of Dixon can be assumed as 11,010. Show the working for 1st two days for calculation of EMA

OR

A) Explain different types of Charts with the help of suitable diagrams and show support line & resistance line. **(8 Marks)** 03

B) Explain CML with the help of suitable diagram. Also indicate overpriced and underpriced securities on Diagram. **(7 Marks)** 03

Q.3

A) Portfolio of Orient Ltd is as follows: **(8 Marks)** 04

Company	*Amount invested*	*Returns*	*Beta*
A Ltd	30,000	12%	0.80
B Ltd	30,000	15%	1.00
C Ltd	40,000	18%	1.20
	1,00,000		

If market return is 20% and risk free rate of return is 11%. Calculated weighted average return and Beta of Portfolio. Do the ranking of security using CAPM and state your strategy to hold, buy or sell the shares.

	B) Following details are provided for mutual fund. Calculate Sharpe's ratio, Treynor's ratio and Jensen's Ratio. **(7 Marks)**		04

Mutual Fund	*Average Return*	*Standard Deviation*	*Beta*
Tata Multi Index	12%	18%	1.1
Franklin Tempelton	10%	15%	0.9
Nippon Mid Cap	13%	20%	1.2
Market Index	11%	17%	1.0

The mean risk-free rate of return is 6%. Do the ranking and suggest the best mutual fund for the purpose of investment.

OR

C) Define Portfolio and explain principles of Portfolio Construction. **(8 Marks)** 04

D) Explain the differences between fundamental and technical analysis. 04

(7 Marks)

Q.4 Attempt the following: **(3 X 5 Marks)** **(15)**

a) Returns of A Ltd for 3 years were 9%, 10% and 12% respectively, whereas of B Ltd returns are 10%, 11% and 12% for the 3 years. Calculate standard deviation and advise regarding investment in one of the company. 02

03

b) Mr. Lion wants to invest in Bond M having face value of Rs. 1,000 maturing at par. Coupon Rate is 12% with maturity of 5 years. If its market value is Rs. 1,080, then find out YTM of Bond M'.

03

c) From the information given below by AXA Ltd regarding manufacturing of Radio sets, find out Operating Leverage, Financial Leverage and Combine Leverage of the company.

Share Capital Rs. 15,00,000 10% Debentures Rs. 10,00,000 Tax Rate – 30%	Unit sold 10,000 Selling Price Rs. 150 per set Variable Cost : 60% Fixed Cost : 1,50,000 (Excluding Interest)

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April 2025 Examination: End Semester Examination (UG Programmes)		
Programme code: 03 **Programme:** TBAF Hons.	**Class:** TY	**Semester:** VI
Name of the Constituent College: S K Somaiya College	**Name of the Department:** Accounting and Finance	
Course Code: 131U03V601	**Name of the Course:** Transfer Pricing	
Duration : 2 hours	**Maximum Marks:** 60 marks	

Instructions:
1) All questions are compulsory.
2) Use of a simple calculator is permitted.
3) Figures to the right indicate the marks assigned to the questions.
4) Working notes should form part of your answers.

Question No.		Max. Marks	CO
Q1	**A)** Delta Ltd., an Indian company, declared total income of ₹2,100 crores computed in accordance with Chapter IV-D before making primary adjustment, if required, in respect of the loan transaction with Alps Inc, a Swiss company, for the year ended 31.03.2024. Alps Inc. had advanced a loan of Euro 350 crores carrying interest@ 9% p.a. on 01.04.2023 to Delta Ltd. The total book value of assets of Delta Ltd. was ₹60,000 crores. Assume that the amount of interest computed@ 9% p.a. and payable to Alps Inc. does not exceed 30% of EBITDA and that this is the only loan taken by Delta Ltd. Alps Inc also advanced a loan of similar nature and amount to Beta Ltd., another Indian company @ 7%p.a. during the F.Y. 2023-24. The value of 1 Euro may be taken as ₹88. You are required to: (i) Examine whether transfer pricing provisions under the Income-tax Act, 1961 would be attracted in this case and if so, on what basis. (ii) Advise Delta Ltd. regarding primary adjustments, if any, to be made to the above income keeping in mind the transfer pricing provisions contained in the Income-tax Act, 1961 and compute the total income for A.Y. 2024-25. (iii) Elaborate on secondary adjustments, if any, required to be made under the provisions of Income tax Act, 1961, assuming that Delta Ltd. has made the primary adjustment suo moto. (iv) Calculate the additional income-tax liability, if Delta Ltd. opts for payment of additional income tax in lieu of making secondary adjustment. **(15 marks)**	15	CO 2
	OR		

	B) On 1.4.2023, PQR Ltd., an Indian company, advanced a loan of ₹6 crores to XYZ Inc., a company resident in Singapore. As on the date of loan, the book value of total assets in the books of XYZ Inc. was ₹10 crores. XYZ Inc. paid the entire loan along with interest thereon on 31st August,2023.During the Financial Year 2023-24, PQR Ltd. also entered into an agreement with XYZ Inc.to provide 20 thousand medical equipment at a cost of ₹7,400 per unit. The Assessing Officer treats them as associate enterprises and wants to re-compute the income of PQR Ltd. at arms' length price. You are required to answer the following questions in this respect: Would PQR Ltd. and XYZ Inc. be treated as associate enterprises for the purpose of transfer pricing adopted by the Assessing Officer? If yes, why? Calculate the arm's length price of PQR Ltd. which sells the same equipment at the rate of ₹9,000 per unit to Y Ltd. and at the rate of ₹9,500 per unit to X LLP (both of them are unrelated parties in respect of PQR Ltd.).PQR Ltd. is not a wholesale dealer. What are the options available to PQR Ltd. in respect of such increase in transfer price by income tax authorities, if PQR Ltd. accepts such transfer price? **(15 marks)**	**15**	**CO 1 and CO 3**
Q2	**A)** Andes Inc. having its business in Malaysia has advanced a loan of MD 1,60,000 to Andes Ltd, India. Book value of total assets of Andes Ltd was ₹125 lakhs. Andes Ltd provides software backup support to Andes Inc. Andes Ltd has spent 50,000-man hours during the financial year 2023-24 for the services rendered to Andes Inc. The cost for Andes Ltd is MD 75/man-hour. Andes Ltd has billed Andes Inc. at MD 90.75/man-hour. Gama Ltd. in India which has a similar business model, provides software backup support to Olive Inc. in Penang, Malaysia. Gama Ltd.'s cost and operating profits are as hereunder: **PARTICULARS** | **₹ in lakhs** Direct costs | 600 Indirect costs | 200 Operating profits | 200 (1) Calculate Arm's Length Price for the transaction between Andes Ltd. and Andes Inc. based on the above data of Gama Ltd. using the Transactional Net Margin Method. Assume 1 MD = ₹45. (2) Explain, if there is any adjustment to be made to the total income of Andes Ltd. Note: MD = Malaysia Dollars **(15 marks)**	**15**	**CO 3 and CO 4**
	OR		
	B) What are the situations where an enterprise become a deemed associate enterprise as per section 92A(2) **(15 marks)**	**15**	**CO 1**

Q3	**A)** ABC Ltd., Canada holds 35% shares in LMN Ltd., India. LMN Ltd. develops software and does both onsite and offsite consultancy services for the customers. LMN Ltd. during the year billed ABC Ltd. Canada for 120 man- hours at the rate of ₹1,800 per man hour. The total cost (direct and indirect) for eURcuting this work amounted to ₹2,25,000. However, LMN Ltd. billed XYZ Ltd., India at the rate of 2,800 per man hour for the similar level of manpower and earned a Gross Profit of 50% on its cost. The transactions of LMN Ltd. with ABC Ltd. and XYZ Ltd. are comparable, subject to the following differences: - While LMN Ltd. derives technology support from the ABC Ltd., there is no such support from XYZ Ltd. The value of technology support received from ABC Ltd. may be put at 18% of normal gross profits. - As ABC Ltd. gives business in large volumes, LMN Ltd. offered to ABC Ltd., a quantity discount which may be valued at 10% of normal gross profits. - In the case of rendering services to ABC Ltd., LMN Ltd. Neither runs any risk nor incurs any marketing costs. On the other hand, in the case of services to XYZ Ltd., LMN Ltd. has to assume all the risk and costs associated with the marketing function which may be estimated at 12% of the normal gross profits. - LMN Ltd. offered one month credit to ABC Ltd. The cost of providing such credit may be valued at 2% of the gross profits. No such credit was given to XYZ Ltd. Compute the Arm's Length Price along with income to be increased under the Cost Plus Method.	15	CO 2
	OR		
	B. Explain scope of international transaction in case of capital financing and in case of provision of services. **(10 marks)** **C.** What are international transactions as per Sec 92B? **(5 marks)**	15	CO 2 And CO 2
Q4	**Answer the following questions: (5 marks each)** **A)** UR Ltd. is an Indian Company in which Polo Inc., a US company, has 28% shareholding and voting power. Following transactions were effected between these two companies during the financial year 2023-24. (i) UR Ltd. sold 1,00,000 pieces of T-shirts at $ 2 per T-Shirt to Polo Inc. The identical T-Shirts were sold to unrelated party namely Kennedy Inc., at $ 3 per T-Shirt. (ii) UR Ltd. borrowed $ 2,00,000 from a foreign lender based on the guarantee of Polo Inc. For this, UR Ltd. paid $ 10,000 as guarantee fee to Polo Inc. To an unrelated party for the same amount of loan, Polo Inc. collected $ 7000 as guarantee fee. Assume the rate of exchange as 1 $ = `73 Compute the adjustments to be made to the total income of UR Ltd. **(5 marks)** **B)** Examine whether transfer pricing provisions under the Income-tax Act, 1961 would be attracted in respect of the following cases – i) Mrs. Mona holds 25% of voting power in ABC Inc, a company incorporated under the laws of Country A.	15	CO 2 and CO 1 and CO 4

	ii) As per one of the clauses of the agreement, ABC Inc has the power to appoint 6 directors of XYZ Ltd., which has 12 directors on the board. **(5 marks)** **C)** I. Limited, an Indian Company supplied billets to its holding company, U. Limited, UK during the previous year 2023-24. I. Limited also supplied the same product to another UK based company, V. Limited, an unrelated entity. The transactions with U. Limited are priced at Euro 500 per MT (FOB), whereas the transactions with V. Limited are priced at Euro 700 per MT (CIF). Insurance and Freight amounts to Euro 200 per MT. Compute the arm's length price for the transaction with U. Limited. **(5 marks)**		

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April 2025 Examination: End Semester Examination (UG Programmes)		
Programme code: 03 **Programme: BAF (Hons.)**	**Class:** TY	**Semester:** VI
Name of the Constituent College: S K Somaiya	**Name of the Department:** Accounting and Finance	
Course Code: 131U03C602	**Name of the Course:** Advanced Costing Techniques	
Duration : 2 Hr.	**Maximum Marks : 60**	
Instructions: 1)Draw neat diagrams 2)Assume suitable data if necessary 3) Working notes should form part of your answer		

Question No.		Max. Marks	CO
Q1	**A.** From the following information calculate: P/V ratio, Fixed Cost, BEP, Margin of Safety, Sales at profit of Rs. 3,00,000	08	CO2

Year	Sales	Total Cost
I	17,20,000	16,76,800
II	21,52,000	20,22,400

AND

B. Selling price Rs. 30 per unit, Marginal Cost Rs. 10 per unit, Fixed cost Rs. 1,00,000. (07, CO2)
Draw BEP chart and indicate: BEP, Fixed cost line, Sales Line, Margin of Safety, Area of loss/Area of Profit, Angle of incidence.

OR

C. Kochar Ltd currently at 80% capacity has the following particulars : (15, CO3)

Particulars	Rs.
Sales	48,00,000
Direct Material	15,00,000
Direct Labour	6,00,000
Variable Overheads	3,00,000
Fixed Overheads	19,00,000

An Export order has been received that would utilize half (50%) the capacity of the factory . The order cannot be split .i.e. to be taken in full & this is to be executed at 10% below the normal domestic price OR reject totally. The alternatives available to the Management of the company are :
i) Reject the export order and continue with the domestic sales only (as at present level of sales), or
ii) Accept the order, split the capacity (100%) between the overseas & domestic sales and turn away excess domestic demand; or
iii) Increase the capacity to accept the export order and maintain the present domestic sales by:

	a. Buying an equipment that will increase capacity by 10%. This will result in an increase of Rs.1,50,000 in fixed costs; and b. Work overtime to meet balance of required capacity. In that case labour will be paid at two times the normal wage rate. You are required to prepare a comparative statement of profitability and suggest the best alternative.		
Q 2	**A.** The following standard have been set to manufacture a product. Direct Material: 2 units of A @ Rs. 4 per unit 3 units of B @ Rs. 3 per unit 15 units of C @ Rs. 1 per unit Direct Labour: 3 hours @ Rs. 8 per hour The company manufactured and sold 6,000 units of the product during the year. Direct material costs were as follows: 12,500 units of A at Rs. 4.40 per unit 18,000 units of B at Rs. 2.80 per unit 88,500 units of C at Rs. 1.20 per unit The company worked 17,500 direct labour hours during the year. For 2,500 of these hours, the company paid at Rs. 12 per hour while for the remaining, the wages were paid at standard rate. CALCULATE (i) Material Cost, Materials price variance & Usage variance (ii) Labour cost, Labour rate & Efficiency variances.	15	CO 4
	OR **B.** From the following data compute Variable Overhead Variances & Fixed Overhead Variances:	15	CO 4

Particulars	Budgeted	Actual
Production (in Units)	4000	3600
Man Hours to produce above	80000	70000
Variable Overheads (Rs.)	200000	183000
Fixed Overheads (Rs.)	400000	420000

Q 3	**A.** Following information is collected from various departments within the company relating to 2022-23:	15	CO 1

Particulars of Costs	(Rs.)
Warranty claims	4,25,000
Employee training costs	1,20,000
Rework	3,00,000

Lost profits from lost customers due to impaired reputation	8,10,000
Cost of rejected units	50,000
Sales return processing	1,75,000
Testing	1,70,000

For the year 2023-24, the CEO is considering spending the following amounts on a new quality programme:

	(Rs.)
Inspect raw material	1,20,000
Reengineer the production process to improve product quality	7,50,000
Supplier screening and certification	30,000
Preventive maintenance on plant equipment	70,000

P Limited expects the new quality programme to save costs by the following amounts:

	(Rs.)
Reduction in lost profits from lost sales due to impaired reputation	8,00,000
Reduction in rework costs	2,50,000
Reduction in warranty costs	3,25,000
Reduction in sales return processing	1,50,000

(i) PREPARE a 'Cost of Quality Statement' for the year 2019-20 showing the percentage of the total costs of quality incurred in each cost category.

(ii) PREPARE a 'Cost Benefit Analysis' of the new quality programme showing how the quality initiative will affect each cost category.

OR

B. AB Ltd. is following Activity based costing. Budgeted overheads, cost drivers and volume are as follows: 15 CO 5

Activity Cost Pool	Amt	Cost Driver	Volume
Material Procurement	1,84,2000	No. of orders	1200
Material handling	85,0000	No. of movements	1240
Maintenance	24,56,000	Maintenance hours	17,550
Set up	9,12,000	No. of set ups	1450
Quality Control	4,42,000	No. of inspection	1820

The company has produced a batch of 7,600 units, its material cost was Rs. 24,62,000 and wages Rs. 4,68,500. Usage activities of the said batch are as follows:

Material orders: 56

Material movements: 84

Maintenance hours: 1,420 hours

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<td>Set-ups: 60

No. of inspections: 18

Required: (i) CALCULATE cost driver rates. (ii) CALCULATE the total and unit cost for the batch.</td>
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<td>Q 4</td>
<td>A. Zed Ltd provides following Sales Mix , which is optimal Sales Mix :

Mix I- 250 units of A & 250 units of B ;Mix II- 200 Units of A & 300 Units of B OR Mix III- 300 Units of A & 200 Units of B wherein contribution per unit of A is Rs.5 and that of B is Rs.6 . Overall Fixed cost being Rs. 1500.
B. If Sales is Rs.25,00,000, Contribution is Rs.10,00,000 and Fixed cost is Rs.4,00,000, What will be Margin of Safety?
C. Modern Toys dealing in Toy Train & Toy Monkey provides you following data:
<table>
<tr><td></td><td>Budgeted Quantity</td><td>Budgeted Price per unit</td><td>Actual Quantity</td><td>Actual Price per Unit</td></tr>
<tr><td>Toy Train</td><td>900</td><td>50</td><td>1000</td><td>55</td></tr>
<tr><td>Toy Monkey</td><td>1100</td><td>75</td><td>1300</td><td>78</td></tr>
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Compute Sales Mix Variance.
D. Explain the concept of Uniform Costing.
E. List six C's of Total Quality Management.</td>
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CO 2

CO 4

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