

[This question paper contains 4 printed pages.]

2874

Your Roll No.

M.Com./Sem. I (NC)

F

Paper 4104

FINANCIAL PLANNING

Time : 3 Hours

Maximum Marks : 100

*(Write your Roll No. on the top immediately
on receipt of this question paper.)*

All questions carry equal marks.

1. Discuss the globally accepted steps of financial planning process and how do they create wealth and secure the future financially. (20)

OR

Elucidate how cash flow planning is intertwined with the financial planning process and examine the impact of budgeting on the financial plan. (20)

2. Discuss the primary clauses of an insurance agreement and the crucial content of health insurance which are must haves in today's environment. (20)

P.T.O.

OR

Elaborate the operation of credit card from the authorised bank to the issuer banks end along with the role of credit bureau. (20)

3. (a) Discuss the various investment avenues available to individual investor. (12)
- (b) An Investor is planning to invest in the bond of a company which are currently trading at Rs 870 (Face value =Rs 1000). The bond will have a term of 5 years and a coupon rate of 12%. Should the investor purchase the bond if his required rate of return is 14%? (8)

OR

- (c) ABC Company's next year dividend per share is expected to be Rs. 4.50. The dividend in subsequent years is expected to grow at a rate of 10% per year forever. If the required rate of return is 15% per year. what should be the fair price of the stock? (6)
- (d) Explain the concept of Financial Derivatives. How are 'Futures' different from 'Options' contract? Explain (10)

- (e) 'A' deposited Rs. 10,000 at the rate of 10% compounded on quarterly basis for 2 years. What would be the amount at the time of maturity?

(4)

4. (a) A Mutual Fund made an issue of 10,00,000 units of Rs. 10 each on Jan 1, 2014. No entry load was charged. It made the following investments:

50,000 equity shares of Rs 100 @Rs.160	80,00,000
7% govt. securities	8,00,000
9% debentures (unlisted)	500000
10% debentures (listed)	500000

During the year dividends of Rs. 12,00,000 was received on equity shares. Interest on all debt securities was received as and when due. At the end of year, equity shares & 10% debentures are quoted at 175% and 90% respectively. Find out NAV per unit given that operating expenses paid are Rs. 5,00,000. (10)

- (b) Critically evaluate the performance of Securities and Exchange Board of India (SEBI). (10)

OR

P.T.O.

(c) What is Mutual Fund? Briefly explain the various types of Mutual fund Schemes. (10)

(d) The following information is available:

Particulars	Stock A	Stock B
Expected Return (%)	16	10
Standard deviation (%)	3	4
Coefficient of correlation between securities return	0.8	

Compute the expected return and risk of a portfolio in which stocks A and B have weights of 80% and 20% respectively. (10)

5. Write explanatory notes on any **four** of the following:

(a) ETF

(b) Systematic Investment Plans

(c) REITs

(d) Reverse Mortgage

(e) Identity Theft

(5×4=20)