Registration No :

Total Number of Pages : 02

Course: IMBA
Sub_Code: 16IMN802B

8th Semester Regular Examination: 2022-23
SUBJECT: FINANCIAL DERIVATIVES
BRANCH(S): IMBA
Time : 3 Hour
Max Marks : 100
Q.Code : M029

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.
The figures in the right hand margin indicate marks.

Part-I

Q1 Answer the following questions: **(2 x 10)**

a) Distinguish between over–the–counter (OTC) and exchange traded derivatives.
b) What is a 'Basis' in futures?
c) Is forward contract a zero sum game? Justify your answer with an appropriate example.
d) What is meant by Mark-to-Market system of futures trading?
e) Explain the situation of 'Contago' and 'Backwardation'.
f) What do you mean by swap?
g) Which are exchange traded derivatives and OTC derivatives?
h) What are meant by FRAs?
i) Who are the traders in a derivative market?
j) What do you mean by counter-party risk?

Q2 Answer any eight out of the following questions. **(6 × 8)**

a) Differentiate forward contract and future contract.
b) What do the Trading Member, Clearing Member and self-clearing member do?
c) What do you mean by Limit Order, Market Order and Stop loss?
d) Distinguish between long hedge and short hedge.
e) What are the different factors which influence option pricing?
f) Explain the put-call parity concept with mathematic formula.
g) Calculate the call option price form the following data by using put call parity theory:
Present value of exercise price Rs 185
Value of put option Rs 87
Current stock price Rs 184.
h) Explain the ATM, ITM and OTM concepts.
i) Distinguish between covered call and Naked call.

j) Explain different styles of Option. What is option value? Explain how you would calculate the intrinsic value and time value of an option.

k) What is Margin Money? Why it is collected? What are different forms of margin money?

l) Discuss the settlement procedure of a future contract.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 What is a Financial Derivative? Discuss the motive and strategies of the traders in the derivative market those make the market dynamic. Give appropriate examples while explaining the strategies. **(16)**

Q4 Calculate forward price from the following information: **(16)**
The current price of the asset = Rs.5,00,000 /- ; risk free rate of return = 7.5% per annum ; time to expiration = 75 days .
Then, discuss the arbitrageur's investment strategy :

i. when quoted price is Rs. 5,20,000 /-
ii. when quoted price is Rs. 4,90,000 /-

Q5 You buy a May call option of ONGC's stock with an exercise price of Rs.850/-. **(16)**

a) What is the intrinsic value of the option today if ONGC is trading at Rs.840 /-?
b) What would be the intrinsic value today, if ONGC is trading at Rs.860/-?
c) What action will you take on the expiration day if ONGC then trades at Rs.845 /-?
d) What action will you take on the expiration day of ONGC then trades at Rs.855 /-?
e) Assume that when you bought the option, ONGC was selling for Rs.854 /-. Would the premium you paid to buy the option be more than Rs.4 /- or less?

Q6 Discuss the factors contributing to the growth of financial derivatives. **(16)**

Registration No :

Total Number of Pages : 02

Course: IMBA
Sub_Code: 16IMN803B

8th Semester Regular/Back Examination: 2022-23
SUBJECT: ADVANCED MANAGEMENT ACCOUNTING
BRANCH(S): IMBA
Time: 3 Hour
Max Marks: 100
Q.Code: M042

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.

The figures in the right hand margin indicate marks.

Part-I

Q1 Answer the following questions: **(2 x 10)**

a) Define sunk cost.
b) What is the meaning of cost center?
c) Classify the cost on the basis of behaviour with example.
d) Define Joint product and give at least two examples of Joint product.
e) In a printing press which method of costing is employed for ascertainment of cost?
f) What is the meaning of target costing?
g) What is the objective of efficiency ratio? How it is worked out?
h) What is the meaning of cost driver?
i) What is ZBB? Write two advantages.
j) What is activity based costing?

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) **(6 × 8)**

a) Distinguish between by-product & joint product.
b) What are the usefulness of cost sheet? Write a format of cost sheet.
c) Draw a break even diagram. Explain the various components.
d) What is meant by methods of costing? Discuss any two methods.
e) What are techniques of costing? Explain one technique commonly used by management.
f) Discuss how standard costs are ascertained.
g) Why should organisations make variance analysis?
h) What is a Master Budget? Discuss how is it prepared?
i) Distinguish between cost accounting and management accounting.
j) Define budgetary control. State its objectives.
k) What is a flexible budget? What are its advantages?
l) What do you understand by balance score card? Discuss how this helps organisations to measure and improve their performance.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 A company producing 24000 units provides you the following information: **(16)**

Direct Material	Rs. 1,20,000 /-
Direct Wages	Rs. 84,000 /-
Variable Manufacturing Overhead	Rs. 48,000 /-
Variable Selling & Distribution Overhead	Rs. 28,000 /-
Fixed Overhead	Rs. 80,000 /-

The product is sold at Rs. 20.00 per unit.

The management proposes to increase the production by 3000 units for sales in the foreign market. It is estimated that the variable selling & distribution overhead will be increased by Rs. 1000.00. But the product will be sold at Rs. 14.00 per unit in the foreign market. However, no additional capital expenditure will be incurred. The management seeks your advice, what will you advise them?

Q4 The following data is given **(16)**

Selling price	Rs. 20.00 per unit
Variable manufacturing cost	Rs. 11.00 per unit
Variable selling costs	Rs. 3.00 per unit
Fixed factory overhead	Rs. 5,40,000/- per year
Fixed selling costs	Rs. 2,52,000/- per year

You are required to compute :

(i) Break Even Point expressed in amount of sales and volume

(ii) No of units that must be sold to earn a profit of Rs. 60000 per year

(iii) How many units must be sold to earn a net profit of 10 % of sales?

Q5 What are the methods of costing? Explain their adaptability in different industries with examples. **(16)**

Q6 The standard material cost to produce one tonne of chemical X is **(16)**

300 kg of material A @ Rs. 10.00 per kg
400 kg of material B @ Rs. 5.00 per kg
500 kg of material C @ Rs. 6.00 per kg

During a period 100 tonnes of Chemical X were produced from the usage of
35 tonnes of material A at a cost of Rs. 9000 per tonne
42 tonnes of material B at a cost of Rs. 6000 per tonne
53 tonnes of material C at a cost of Rs. 7000 per tonne
Calculate Material Variances.

Registration No :

Total Number of Pages : 02

IMBA
16IMN801B

8th Semester Regular Examination: 2022-23
SUBJECT: SECURITY ANALYSIS & PORTFOLIO MANAGEMENT
BRANCH(S): IMBA
Time : 3 Hour
Max Marks : 100
Q.Code : M007

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.

The figures in the right hand margin indicate marks.

Part-I

Q1 Answer the following questions: **(2 x 10)**

- a) What is an Efficient Frontier?
- b) Differentiate between Gambling and Investment.
- c) Define a "Portfolio".
- d) Explain in brief the business risk.
- e) How is speculation different from investment?
- f) What is Beta? How is it interpreted?
- g) What is rupee cost averaging?
- h) Which risk is non-diversifiable? Why?
- i) What is EMH?
- j) Explain support and resistance pattern with graph.

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) **(6 × 8)**

- a) What do you mean by Fundamental Analysis? Explain the concept in brief.
- b) State the various phases of Portfolio Management.
- c) Explain briefly the Arbitrage Pricing Theory.
- d) A share is currently selling at Rs50. It is expected that a dividend of Rs2 per share would be paid during the year and the share would be sold at Rs64 at the end of the year. Calculate the expected return from the share.
- e) Explain the concept of Dow theory and and its usefulness.
- f) Discuss the characteristics of investment.
- g) Write the limitations of Markowitz model.
- h) How many parameters must be estimated to analyse the risk–return of a 60 stock portfolio using Markowitz and Sharpe models?
- i) Distinguish between CML and SML.
- j) Discuss the operation of different types of speculators.
- k) Discuss different types of orders by brokers.
- l) What is the formula for computing the risk and return of a portfolio consisting of 4 assets in a portfolio?

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 A portfolio consists of three securities P,Q and R with the following parameters: **(16)**

	P	Q	R
Expected Return %	28	24	22
Standard Deviation %	30	26	24

Correlation Co-efficient are PQ = -0.50, QR = 0.40 and PR 0.60. If the securities are equally weighted, how much is the expected return and risk of the portfolio of these three securities?

Q4 Following information is available regarding four Portfolios: **(16)**

Portfolio	**Return %**	**Risk % (Standard Deviation)**	**Beta (β)**	**Risk Free Rate (%)**
P	13	16	0.90	9
Q	17	23	0.86	9
R	23	39	1.20	9
S	15	25	1.38	9

Evaluate performance of these mutual funds using Sharpe ratio and Treynor's Ratio. Comment on the evaluation after ranking the funds.

Q5 Your client is holding the following securities: **(16)**

Particulars of Securities	**Cost (Rs.)**	**Dividends (Rs)**	**Market Price (Rs)**	**Beta**
X shares	8000	800	8200	0.8
Y shares	10000	800	10500	0.7
Z shares	16000	800	22000	0.5
ABC Bonds	34000	3400	32300	1.0

Assuming a risk free rate of 15%, Calculate:

a) Expected rate of return in each, using the CAPM.
b) Average return of the Portfolio.

Q6 Write short notes on **any two**:- **(16)**

a) Markowitz Model
b) Characteristics of Investment
c) Fusion Investing
d) Capital Market Line