

P.G.D.I.F.A. (Sem.-II) Examination
Paper II : Techniques of Financial Analysis
May-2017

[Max. Marks : 70]

Time : 3 Hours]

- Q.1 Write the formulas for the following, (10)
1. Holding Period return
 2. Arithmetic mean return on the investment
 3. Arithmetic mean return on investment when investment done at the starting of the year.
 4. Arithmetic mean return on investment in case of annual dividends
Geometric mean return on investment.

OR

- Q 1 Prove that, (use Derivatives) (10)
1. $x^2 + y^2 = xy$
 2. If $x^2 + xy + y^2 = 10$, then find dy/dx .

Q.2

- (a) Define Financial Accounting and explain its function. What are the basic tools of Financial Analysis? Explain. (05)

- (b) Explain the concept of 'Slope' with a detailed example. (05)

Q.3 (10)

1. The process of investing money as well as reinvesting the interest earned thereon is called _____.
a. Compounding b. Rate of Return c. Growth d. Appreciation
2. Find the maxima and minima of the functions $f(x) = 3x^3 - 4x^2 - x + 5$.
a. 38,37 b. 9,13 c. 3, 1229/243 d. 1,-
3. What is the expected rate of return of the stock of 'Bharat Foods' company if following is given?

State of the Economy	Probability of Occurrence	Rate of Return of Bharat Foods (%)
Boom	0.30	16
Normal	0.50	11
Recession	0.20	6

- a. 9.5% b. 11.5% c. 10% d. 12%
4. What is the present value of Rs. 1000, receivable after 20 years if the discount rate is 8%?
a. Rs. 412 b. Rs. 114 c. Rs. 214 d. Rs. 204
 5. A security whose price is dependent upon or derived from one or more underlying assets is called,
a. Equity b. Net Worth c. Derivative d. Amortization

- Q.4 ABC Ltd's earnings and dividend have been growing at a rate of 18% per annum. This growth rate is expected to continue for 4 years and then the growth rate falls to 12% for next 4 years. Thereafter, The growth is expected to be 6 percent forever. If the last dividend per share was Rs. 2 and the investors require the rate of return on Vardhman's equity is 15%, what is the intrinsic value per share? (10)

(P.T.O.....)

- Q.5 What do you understand by the term 'risk' with reference to Financial Decision making? What are the types of risks? Explain each with a help of an example. (10)
- Q-6 Define Financial Accounting and explain its function. What are the basic tools of Financial Analysis? Explain. (10)
- Q.7 (10)
- The value of a bond or any asset, real or financial is equal to the _____ of the cash flows expected from it. Hence, determining the value of a bond requires:
 - Present Value
 - Net Worth
 - Future Value
 - Historic Value
 - The process of investing money as well as reinvesting the interest earned thereon is called _____.
 - Compounding
 - Rate of Return
 - Growth
 - Appreciation
 - Find the maxima and minima of the functions $f(x) = 3x^3 - 4x^2 - x + 5$,
 - 38,37
 - 9,13
 - 3, 1229/243
 - 1,-1
 - Suppose you have decided to deposit Rs. 30000/- per year in your PPF Account for 30 years. What will be the accumulated amount in your PPF Account at the end of 30 years if the interest rate is 11 percent ? (Use appropriate chart/table if needed)
 - Rs. 60,00,000
 - Rs. 59,70,600
 - Rs. 57,90,600
 - 50,00,000
 - The difference between the purchase price (beginning price) and the selling price (ending price) is called _____.
 - Discount rate
 - Capital Gain/Loss
 - Growth
 - Net yield

X-X-X-X-X-X-X-X-X-X-X