

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

Time : 3 Hours]

[Max. Marks : 70

- Q-1
- (a) 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. (7)
- (b) If you have invested Rs. 10000 for 5 years in a savings account, what will be the amount that you will get post 5 years if the rate of interest was 7%, 10% and 12%, for the deposited amount compounded annually? (7)  
 (Use appropriate table/chart if required)
- OR**
- Q-1 Objectives attempt ANY TWO: (14)
- Write a short note on Mortality Table.
  - Mention the stages involved in construction of mortality table.
  - Write a note on the probabilities of survival and death.
- Q 2 (7)
- a) Solve the following equation: (7)
- If  $y = \dots$ , find  $dy/dx$  and  $d^2y/dx^2$   
 If  $f(X) = \dots$ , find  $f'(X)$
- b) Solve the following question: (7)
- Write a meaning and usage of optimization technique.  
 Find the maxima and minima of the function  $f(X) = x^3 - x^2 - 8x + 12$
- Q-3
- (a) Explain the terms 'financial accounting' and 'financial analysis'. What is the basic difference between the both? Explain in brief different techniques of financial analysis. (08)
- (b) Calculate the second order derivatives for the following functions. (08)
- $z = 2x^3 - 3x^2 - 12x + 5$
  - $z = 2x^3 - 15x^2 + 36x + 10$
- Q.4. A) Solve ANY THREE from the following: (09)
- Find the probabilities that:
- A life aged 5 will die between the ages 45 and 50.
  - A life aged 35 will not die between 45 and 50.
  - A life aged 35 will die in the 10 th year from now.
  - A life aged 35 will not die in the 10 th year from now.
- ( $l_{45} = 950446$ ,  $l_{50} = 932218$ ,  $l_{35} = 969861$ ,  $d_{44} = 2699$ )
- B) Of the three persons A, B & C, aged 40, 45 and 50 respectively find the probability that at least one of them will not die between the ages 65 and 70. (05)
- ( $l_{65} = 790172$ ,  $l_{70} = 691808$ ,  $l_{40} = 962081$ ,  $l_{45} = 950446$ ,  $l_{50} = 932218$ )
- Q-5. Choose the correct answer from the following: (12)
- What is the expected rate of return of the stock of 'Oriental Shipping' company if following is given?
 

State of the Economy	Probability of Occurrence	Rate of Return of Oriental Shipping (%)
Boom	0.30	40
Normal	0.50	10
Recession	0.20	- 20

    - 13%
    - 11.5%
    - 10%
    - 12%
  - The difference between the purchase price (beginning price) and the selling price (ending price) is called \_\_\_\_\_.
    - Discount rate
    - Capital Gain/Loss
    - Growth
    - Net yield
  - The price at which the market trades at the market place is called its \_\_\_\_\_.
    - Net worth
    - Market Price
    - Selling price
    - Book value
  - A security whose price is dependent upon or derived from one or more underlying assets is called \_\_\_\_\_.
    - Equity
    - Net Worth
    - Derivative
    - Amortization
  - 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
  - What is the present value of Rs. 1000, receivable after 20 years if the discount rate is 8%?
    - Rs. 412
    - Rs. 114
    - Rs. 214
    - Rs. 204