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Your Roll No.....

7264

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M.Com./Sem.I (NC)

Paper 4104

FINANCIAL PLANNING

Time : 3 Hours

Maximum Marks : 100

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

Attempt all questions.

All questions carry equal marks.

1. Discuss the significance of financial planning and the globally accepted principles of financial planning process. 20

Or

Define financial planning process and elaborate the general principles of cash flow planning.

2. Differentiate between the essence of tax saving, investment and insurance and in view of it discuss the various tax saving instruments. 20

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Or

Elaborate the components of financial planning process.

3. (a) What is meant by investment ? How is it different from speculation ? Explain the steps involved in the investment decision process. 10
- (b) The shares of XYZ ltd. are currently trading at Rs. 150. It declared dividend per share of Rs. 8 last year. The dividend is expected to grow at the rate of 9% p.a. forever. Investors A, B and C have expected rate of return of 15% , 18% and 12%. Find whether the current price offers them proper opportunity for investment in the shares of the company. 10

Or

- (c) Discuss the role of Securities and Exchange Board of Indian (SEBI) in improving the capital market and protecting investor's interest in India. 10
- (d) What are mutual funds ? Which *two* broad categories

of mutual funds exist and how are they different ? Do investors select the securities the mutual funds invest in ? 10

4. (a) The following information is available :

| Particulars            | Share Mars | Share Sun |
|------------------------|------------|-----------|
| Expected Return (%)    | 15         | 20        |
| Standard deviation (%) | 10         | 15        |
| Covariance (%)         | 120        |           |

(i) What is the correlation between the two shares ?

(ii) What is the expected return and risk of a portfolio in which Mars and Sun have weights of 60% and 40% respectively ? 10

(b) Explain how knowledge of time value of money can assist a financial manager in making financial decisions.

10

Or

(c) Why is it important to diversify your financial holdings

P.T.O.

across financial assets ? How does asset allocation enable you to accomplish diversifications ? 10

(d) What are real estate investment trusts (REITs) ? How are they classified ? What are the main characteristics of REITs ? 7

(e) Mr. X invested Rs. 9,300 in a mutual fund at time when the price per share was Rs. 30. The fund has a load fee of Rs. 300. How many shares should he purchase ? 3

5. Write explanatory notes on any *four* of the following : 4×5

(a) Systematic investment plans and systematic withdrawal plan

(b) Risk Aversion

(c) Credit card management and credit limit

(d) Retirement planning

(e) Reverse Mortgage.