

PGDFM SEM II
ASSIGNMENTS
Academic Year 2017-18

***Please follow the instructions and submit the assignment in the given time.**

1. Assignment is compulsory.
2. Last date to submit these assignments is the last date of your semester-2 examination (which will be held in the month of June). On the date of the examination, get your assignment answer sheet for the corresponding subject and submit it in Room No. 112.
3. All assignments should be in written format. Assignment sheets to be collected from IDOL, Room No. 5.
4. No typed assignment or Xerox will be accepted.
5. Outstation students have to send the assignments by post, no assignment on mails to be approved.
6. Outstation students can send on the address:

PGDFM / PGDORM Section, Room No. 112, Institute of Distance and Open Learning, University of Mumbai, Kalina, Santacruz East, Mumbai- 400098.

INTERNATIONAL FINANCE

(20 Marks)

1. Mr. Rajesh Koothrappali has recently joined an Financial management company and his profile consisted of Forex Market. His manager in order to estimate his understanding of the Forex market Deals, asked him to prepare a report on the various types of foreign exchange transaction of the Forex market. Suggest various types of foreign exchange transaction of the Forex market that should be included in his report. ***(05 Marks)***

2. Mr. Sheldon Cooper was asked to prepare a report on modern exchange rate management system, for which he visited a library and picked few books on international finance. He went through all the books and was able to write a detailed report on various types of modern exchange rate system. You too are required to write an detailed report on the various types of modern exchange rate system available at present. ***(05 Marks)***

3. Mr. Oliver Queen is planning to deal in forward contract for which he wants to know the forward exchange rate for :

i) 1 month 19 days and

ii) 3 months 21 days

Help Mr. Oliver Queen to find out the forward rates using the following data.

Spot Rate USD/Rs. = 47.8000 / 47.9000

1 month Forward price = 70/100

3 month Forward price = 120/220

6 month Forward price = 220/ 320

(05 Marks)

4. Mr. Barry Allen want to Invest Rs. 120 lakhs in Fixed deposit. He has two option to choose from:

i) Either Invest in India where the Interest rate is 6% or

ii) Invest In USA where the Interest rate is 10%

The Spot exchange Rate USD/Rs. = 60

Using the Interest Rate Parity concept suggest Mr. Barry Allen where should he invest .

(05 Marks)

FINANCIAL MANAGEMENT

(20 Marks)

Q.1) what are the functions of Financial System?

(10 Marks)

Q.2) The capital structure of a company is Equity Share of 50,00,000, 10% Preference Share of 10,00,000 and 12% Debentures of 30,00,000. The cost of Equity capital for the company is 14.7% and income tax rate is 30%. You are required to calculate WACC.

(10 Marks)

INVESTMENT MANAGEMENT

(20 Marks)

- 1) Industry is a composite of competitive pressures in five areas of the overall market. Briefly explain the competitive pressures. *(05 marks)*
- 2) Explain different forms of efficient market. *(05marks)*
- 3) Following is the portfolio of 5 different securities A,B,C,D,E with expected returns of 10%, 13%, 16%, 5%, & 8% respectively. After considering the proportion of investment (A-17%, B-23%, C-30%,D-10%, E-20%). Calculate expected return on portfolio. *(05 marks)*
- 4) What are the assumptions of BOPM? *(05 marks)*

TAXATION

(20 Marks)

1. Compute the Income from house property from the following: *(10 Marks)*

A. House 1-Let out

- a. Fair Rent Rs 50,000 Per month
- b. Actual Rent Rs 1,00,000 per month
- c. Standard Rent Rs 80,000 per month
- d. Municipal Taxes Rs 10,000 per month
- e. 50% taxes are borne by the tenant
- f. Interest on loan taken for construction of property Rs 4,00,000

B. House-2 - used for self-occupation

- a. Fair Rent Rs 50,000 Per month
- b. Municipal Taxes Rs 10,000 per month
- c. Interest on loan taken for construction of property Rs 3,00,000

C. House- 3 - used for own business

- a. Fair Rent Rs 50,000 Per month
 - b. Municipal Taxes Rs 10,000 per month
 - c. Interest on loan taken for construction of house Rs 4,00,000
- Assume business income of Rs 10,00,00

2. If A provides services worth Rs 50,000 – service tax being 15% , give the amount of bill if the fees included service tax and if the]fees did not include service tax .

(05 Marks)

3. B is an Importer having taxable purchase of Rs 3,000 tax-free purchases of Rs 4,00,000- and taxable sales turnover of Rs 5,00, 000, whether A will liable for registration under MVAT.

(05 Marks)