

GENERAL INSTRUCTIONS TO CANDIDATES



- The question paper comprises two parts, Part I and Part II.
- Part I comprises Multiple Choice Questions (MCQs).
- Part II comprises questions which require descriptive answers.
- Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
- Answers to Questions of Part I are to be marked on the OMR answer sheet given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written inside the descriptive answer book. Answers to MCQs, if written inside the descriptive answer book will not be evaluated.
- OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
- The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.
- You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
- Duration of the examination is 3 hours. You will be required to submit the descriptive answer books with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
- The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the descriptive answer book.
- Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/using mobile phone or smart watch or any other electronic gadget will be expelled from the examination and will also be liable for further punitive action.

PART - I

30 marks

- Answer all MCQs.
- Use HB pencil only to darken the circles for MCQ answers in the answer sheet.
- After each MCQ, four options have been given. **Choose the correct or most appropriate option and darken the corresponding circle against the question number in the OMR Answer Sheet, completely, as shown below, with HB pencil.**

Marking the Answers	
<p>Example : For Question No. 12, if the candidate considers the correct answer to be C, he is to mark as shown below (Correct Method)</p> <p>12 (A) (B) ● (D)</p>	<p>Not as shown below (Wrong method) :</p> <p>12 (A) (B) ☒ (D)</p> <p>12 (A) (B) ✗ (D)</p> <p>12 (A) (B) (C) (D)</p> <p>12 (A) (B) ● (D)</p> <p>12 (A) ● ● (D)</p>

- Any answer to MCQ marked inside descriptive answer book will not be considered and no marks will be awarded.
- If a candidate wants to change the option already darkened, he should erase it completely, with good quality eraser and ensure that no mark is visible after erasing.
- No mark will be awarded if no circle is darkened or more than one circle is darkened for a particular MCQ. There is no negative marking for a wrong answer.
- Rough work, if any, must be done on the pages, specified as SPACE FOR ROUGH WORK only and nowhere else in the question paper booklet or in the answer sheet.
- Before commencement of the exam, please fill up the necessary information in the space provided below and also in the answer sheet.

Total No. of Printed Pages : 8

Maximum Marks : 30

Roll No.

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Question Paper Booklet Code

D	F	W	1
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Name of the Candidate

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Signature of the Candidate

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This booklet is the property of the Examination Body. Any unauthorized and illegal circulation of its contents in part or in full in any manner whatsoever is strictly prohibited. Candidates involved in such unauthorized and illegal acts are liable to be prosecuted besides being disqualified to appear in any further examinations of the Examination Body.

- (1) After each MCQ, four options have been given. Choose the correct or most appropriate option and darken the corresponding circle against the MCQ number in the OMR answer sheet.*
- (2) Answer to MCQs, if written inside the descriptive answer book shall not be awarded any mark.*
- (3) Please ensure to write and darken correct MCQ booklet number in the OMR answer sheet. The correct MCQ booklet number must also be written in the attendance register.*
- (4) Please write your Roll No. and name on the topmost page of the MCQ booklet at the specified place without fail.*

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PART – I

Case Scenario – I :

Short Bank Ltd. need funds for a period of 7 days. To meet this financial need, on 20th September, 2025, Short Bank Ltd. entered into an agreement with Long Bank Ltd. under which, Short Bank Ltd. will sell 8% GOI Bonds @6% p.a. for ₹ 5 crores (Face Value) with initial margin 2%. Each Bond Face Value is ₹ 1,00,000.

The maturity of this 8% GOI Bond is 31st December, 2029, originally issued on 1st January, 2025. Interest payable annually. The clean price of the bond is ₹ 99,420.

Note : Assume 360 days in a year.

From the information given above, choose the correct answer to the Question No. 1 to 3 :

1. The arrangement entered by Long Bank Ltd. is _____ and that by Short Bank Ltd. is _____. 2
(A) Repo, Reverse Repo (B) Lending, Repo
(C) Reverse Repo, Borrowing (D) Reverse Repo, Repo

2. Accrued Interest and dirty price of the bond as on 20th September, 2025 will approximately be ₹ _____ and ₹ _____ respectively. 2
(A) ₹ 5,822 and ₹ 1,05,242 (B) ₹ 5,788 and ₹ 93,632
(C) ₹ 7,954 and ₹ 1,07,374 (D) ₹ 7,954 and ₹ 91,466

3. The proceeds of the 1st Leg of the transaction shall be approximately ₹ _____ and the 2nd Leg proceeds of the transaction shall be ₹ _____. 2
(A) ₹ 5,15,52,000 and ₹ 5,16,12,150
(B) ₹ 5,15,68,580 and ₹ 5,16,28,743
(C) ₹ 5,15,52,000 and ₹ 5,61,12,150
(D) ₹ 5,51,52,000 and ₹ 5,61,12,150

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Case Scenario - II :

The Inter Banking Rates on 28th June, 2025 were as follows :

Spot US\$1 = ₹ 86.50/55

1 Month forward premium 5/8

On 1st May, 2025, Mr. M an exporter enters into a forward contract with DMP Bank to sell US \$ 2,50,000 on 31st July, 2025 at the rate US \$ 1 = ₹ 86.80. However, Mr. M received the amount on 28th June, 2025.

Mr. M requested the bank to take the delivery of the remittance on 30th June, 2025 i.e. before due date.

Note 1. - Consider 365 days in a year.

Note 2. - Prevailing Prime Lending Rate is 15% p.a.

From the information given above, choose the correct answer to the Question No. 4 to 6 :

4. Swap loss is _____ . 2
- (A) ₹ 12,500 (B) ₹ 32,500
(C) ₹ 45,000 (D) ₹ 25,000
5. Interest on outlay of funds shall be approximately _____ . 2
- (A) ₹ 955 payable by Mr. M (B) ₹ 414 payable by Mr. M
(C) ₹ 955 payable by DMP Bank (D) ₹ 414 payable by DMP Bank
6. What is the net conversion rate per US \$ realised by Mr. M ? 2
- (A) ₹ 86.6738 (B) ₹ 86.3662
(C) ₹ 86.3738 (D) ₹ 86.6662



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Case Scenario - III :

You are submitted the following information in respect of Mr. Z's portfolio :

Share/Bond	Cost (₹)	Dividend / Interest (₹)	Market Price (₹)	Beta
A Ltd.	40,000	4,000	41,000	0.60
B Ltd.	50,000	5,000	52,500	0.80
C Ltd.	80,000	3,000	1,10,000	0.60
GOI Bonds	1,70,000	17,000	1,61,500	0.01

Average Return of the portfolio is 15.70% per annum.

Note : Calculate upto two decimal points.

From the information given above, choose the correct answer to the following Question No. 7 to 9 :

7. Expected return on market portfolio (R_m) is – 2
- (A) 14.38% (B) 15.34%
(C) 15.88% (D) 16.32%
8. Risk-free rate of return (as per simple average) is – 2
- (A) 15.42% (B) 15.52%
(C) 15.62% (D) 15.72%
9. Expected rate of return on shares of C Ltd. is – 2
- (A) 12.38% (B) 13.54%
(C) 14.12% (D) 15.74%

Case Scenario - IV :

Ujwal Bank Ltd. (UBL) and Suraksha Bank Ltd. (SBL) are Scheduled Banks to merge.

UBL is strong Private Sector Bank with stable capital adequacy, while SBL has negative CRAR due to heavy NPAs.

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Data of both the Banks is as follows :

Particulars	UBL	SBL
Book Value per share (₹)	50	25
Market Price per share (₹)	200	50
CRAR%	12	(-) 2
NPA%	2	12
No of shares in thousands	50000	20000
Price Earning Ratio (PE Ratio)	20	10

Weights for swap ratio are Book Value per share 20%, Market Price per share 40%, CRAR (%) 20% and balance for NPA%.

From the information given above, choose the correct answer to the Question No. 10 to 12 :

10. The swap ratio based on information given shall be for 1 share of UBL _____ shares of SBL. 2

- (A) 1.07 (B) 0.20
(C) 0.86 (D) 1.73

11. Based on swap ratio total number of shares issued by UBL to SBL shall be _____ (in Thousands). 2

- (A) 21,400 shares (B) 24,000 shares
(C) 17,200 shares (D) 4,000 shares

12. Post merger Earning Per Share (EPS) of UBL shall be ₹ _____ 2

- (A) ₹ 11.11 (B) ₹ 12.50
(C) ₹ 8.50 (D) ₹ 10.00



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Case Scenario – V :

PQR Ltd. is considering two new products A and B, only one of which can be added to its production line. Product A is sure seller. It is certain that 2,00,000 units of product A with the firm's maximum capacity can be manufactured and sold each year with a contribution margin of ₹ 5 per unit.

Product B with a contribution margin of ₹ 10 per unit is potentially more profitable. However, there is uncertainty about its marketability and following sales forecast has been prepared :

<u>Sales units of B (per annum)</u>	<u>Probability</u>
50,000	0.25
1,00,000	0.50
1,50,000	0.25

Fixed cost per year is ₹ 6,00,000.

From the information given above, choose the correct answer to the following Question No. 13 to 15 :

13. If Company select product A, the profit of the company is – 2
(A) ₹ 2,00,000 (B) ₹ 4,00,000
(C) ₹ 6,00,000 (D) ₹ 10,00,000
14. If company select product B and sale 1,40,000 units, the profit of the company is – 2
(A) ₹ 4,00,000 (B) ₹ 8,00,000
(C) ₹ 10,00,000 (D) ₹ 12,00,000
15. If company select product B, the expected value of profit of the company is – 2
(A) ₹ 2,00,000 (B) ₹ 4,00,000
(C) ₹ 8,00,000 (D) ₹ 10,00,000



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SPACE FOR ROUGH WORK

CHARTERED ACCOUNTANTS FINAL JANUARY 2026 EXAM
PAPER 2 : ADVANCED FINANCIAL MANAGEMENT
CODE : DFW1

Set-A	CORRECT OPTION
1	D
2	A
3	B
4	B
5	A
6	D
7	C
8	B
9	D
10	B
11	D
12	A
13	B
14	B
15	B

*Arundhanti
Chaturvedi
HDD(Exam)*