

2016**M. Com.****3RD Semester Examination****FINANCIAL SERVICES****PAPER – COM – 301****Full Marks : 50****Time : 2 Hours****The figures in the right-hand margin indicate full marks.****Candidates are required to give their answers in their own words as far as practicable.****UNIT – I****1. Answer any two questions of the following: 5 X 2**

- (a) Elucidate the inter-relationship between Financial Intermediaries and Financial Service Providers.
- (b) Describe the roll of 'Underwriters' as a Merchant Banker. What is the roll of broker for an issue in the Primary Market. 3+2
- (c) Explain briefly the Code of Conduct of a Debenture Trustee.
- (d) Distinguish between Financial Lease and Operating Lease.

2. Answer any one questions of the following: 10 X 1

- a) A Company Limited leases out a machine of Rs. 50 lakh and having still an effective life of 10 years, at an early rate of Rs. 150 per Rs. 1000. Lease period is 6 years and non-cancellable at the signing of lease with B Company Limited. The scrap value of the machine is 20%. The annual maintenance cost is Rs. 5 lakh. Depreciation approved by the Tax Authority is on straight line. Incremental borrowing rate is 15% and the Corporate Tax is 40%. Show the ledger account in the book of B Company Limited for the first two years of the lease. **(Turn over)**

- b) X Co. Ltd. considering a proposal to take an asset on lease from Y Co. Ltd. Lease period is 5 years but need not be renewed on each year end. Lease rental amounts to Rs. 250 per Rs. 1000 on outstanding basis. Cost of the asset is Rs. 35 lakh. X Co. Ltd. can borrow the cost of the asset to buy it from any banker @ 16% p.a.. Loans are repayable in 5 equal annual installments. Repair and maintenance costs amount to Rs. 2 lakh p.a. and accrue at the end of each year. Straight line method of depreciation is admissible. Corporate marginal rate of tax is 30%. Advise the company whether it is feasible to accept the proposal. Life of the asset may be taken as 5 years.

UNIT – II**3. Answer any two questions of the following: 5 X 2**

- a) Briefly discuss the important services rendered by a Factor.
- b) Discuss the roll of NHB in Housing Finance.
- c) Identify the following symbols – AAA, AA, FAAA, FAA, FD.
- d) Explain briefly the concept of 'Early Stage Financing' in Venture Capital Financing.

4. Answer any one questions of the following: 10 X 1

- a) i) Discuss the various stages of Venture Capital Financing.
ii) What do you mean by 'investment neutering'? Describe the different styles of that.
- b) Explain the steps involved in Credit Rating Process.

(Internal Assessment :10 marks)