

2012**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.

Illustrate the answers wherever necessary.

Unit—I**[Marks : 20]**

1. Answer any two questions : 5×2

(a) Distinguish between guaranteed residual value and unguaranteed residual value in lease accounting.

(b) The following insertion is noticed in an advertisement of sale of one air-conditioning machine :

“Easy repayment scheme @ Rs. 2,500 p.m. with zero percent interest and zero cash down payment”.

(Turn Over)

The same seller is selling the machine at a net price of Rs. 28,500 on full cash down payment.

How do you assess the "zero per cent interest" in the advertisement then ?

- (c) Mention a few merchant bankers which are not related to primary market activities and state their functions in brief.
- (d) State the brief the factors that determine the quantum of consumer finance in a particular time in a particular country.

2. Answer any one of the following : 10×1

- (a) X Co. Ltd. has entered into a lease agreement for an equipment costing Rs. 10,00,000 with Y leasing Co. Ltd. The lease is non-cancellable for a period of 5 years. Lease rental amounts to Rs. 3,20,000 p.a. which is to be paid at the end of each year. Economic life of the equipment is 6 years. Straight line method of depreciation is followed. Incremental borrowing rate is 16%. The company is in a tax bracket of marginal rate of 25%. Calculate:

- (i) Unexpired finance charges.
- (ii) Actuarial or effective rate of interest, and
- (iii) First year's ledger accounts in the books of X Co. Ltd. 2+3+5

- (b) (i) Discuss the rules relating to charging of depreciation on fixed assets as per Accounting Standard 19 and Income Tax Act (less or Departmental circulars) in case of a financial lease transaction and draw your conclusion.
- (ii) What is 'leveraged lease'? What are the benefits of this type of lease from the lessor's viewpoint?
- 6+(2+2)

Unit—II

[Marks : 20]

3. Answer any *two* questions : 5×2
- (a) Discuss the role of National Housing Bank (NHB) with respect to regulation and supervision.
- (b) State the benefits of credit rating from the issuer company point of view.
- (c) Distinguish between Factoring and Forfeiting services.
- (d) Explain briefly the 'First Chicago Method' of valuation of venture capital undertaking.

4. Answer any one of the following : 10×1
- (a) State briefly the terms and conditions of a factoring contract. 10
- (b) State the objectives of investment nurturing/after care of Venture Capital Institutions (VCI). Also indicate the techniques adopted by VCI to achieve the objectives of investment nurturing/after care. 6+4

[Internal Assessment : 10 Marks]
