

M.Com. 1st Semester Examination, 2019

FINANCIAL SERVICE

PAPER –COM-105(Unit-I + II)

Full Marks : 50

Time : 2 hours

The figures in the right-hand margin indicate marks

Candidates are required to give their answers in their own words as far as practicable

Illustrate the answers wherever necessary

Write the answers to Questions of each Units in separate books wherever necessary

UNIT – I

[Marks : 20]

1. Answer any *two* questions from the following : 2 × 2
- (a) Outline the importance of Investment Nurturing.

(Turn Over)

- (b) What do you mean by cross-border factoring Services ?
- (c) Mention two fund based and two fees based or advisory financial services.
- (d) What is Sovereign rating ?

2. Answer any *two* questions from the following :

- (a) Discuss the different style of investment nurturing. 4 × 2
- (b) Discuss the various stages of Venture Capital Financing.
- (c) Distinguish between Factoring and Bill discounting.
- (d) 'Once a rating is assigned and published, the rating agency keeps the rating under surveillance until the security is fully repaid.' – Demonstrate the statement.

3. Answer any *one* questions from the following :

- (a) Briefly explain the methodology adopted by credit rating agencies in India. 8 × 1
- 8

(b) (i) Briefly discuss the benefits of forfaiting services ?

(ii) Distinguish between Export Factoring and Forfaiting services. 4 + 4

UNIT – II

[Marks : 20]

4. Answer any *two* questions : 2 × 2

(a) What is RRLR ? Explain.

(b) Which are the assets that are leased out in commercial leasin in India ?

(c) Which merchant banking service is fund-based and why ?

(d) Is credit card a type of consumer finance ? Give argument in favour of your answer.

5. Answer any *two* questions : 4 × 2

(a) Y Leasing Co. Ltd. leases out a machine

costing Rs.100 lakh to X Co. Ltd. The economic life of the machine is 10 years and expected scrap value is 10%. If on the basis of an annual lease contract the lease rent increases by 10% over the years and the total lease period is 5 years, show relevant ledger accounts in the books of Y leasing Co. Ltd. for the first year of lease only. Lease rent is fixed @250/1000.

- (b) What is the income tax implication of depreciation expense in case of a financial lease transaction ? State in brief.
- (c) Discuss the steps involved in the process of sanctioning and disbursing a housing loan.
- (d) How does funding of housing finance companies take place ? Answer the question from the viewpoint of various types of such companies.

6. Answer any *one* question : 8 × 1

- (a) Describe the merchant banking institutions

in brief relating to primary market issues management.

- (b) X Co. Ltd. has entered into a lease agreement for an equipment costing Rs.500 lakh with y leasing Co. Ltd.. The lease is non-cancellable for a period of 5 years. Lease rental for the first year is Rs.150 lakh which is to reduce by 10% every year till the end of the lease term. Lease rent is paid at the end of each year. The incremental borrowing rate is 16% p.a.. The company is in a tax bracket of the marginal rate of 40% Guaranteed residual value is Rs.20 lakh and unguaranteed residual value is Rs.30 lakh. If the economic life of the equipment is 5 years and straight line depreciation method is applied based on guaranteed residual value. Show the value of the leased asset at which X Co. Ltd. Should disclose it in its balance sheet in the beginning as per As 19. Also show the leased

asset (equipment) account for 5 years in the
books of X Co. Ltd.

4 + 4

[*Internal Assessment* : 10 Marks]
