

FYBAF - Semester II

Innovative Financial Services(IFS)

Time 2Hours 30 Minutes

75 Marks

Note :

10/4/23



All Questions are compulsory

Figures to the right indicate Marks.

Q.1 A) State whether the following Statements are TRUE OR FALSE (Any 8 out of 10) 8 Marks)

- Merchant banking do the business of banking also.
- Investment bankers provide expert advice to their clients regarding takeover, acquisitions and mergers.
- Financial services companies earn a major part of their income through fee-based activities.
- Custodial service is provided to foreign investors.
- Sub-broker need not to get certificate of registration from SEBI.
- Factoring provides less each than traditional bank lines of credit.
- Forfeiting is nothing but international factoring.
- Cost of Factoring = Finance cost – Operating cost.
- Forfeiting is a non-based facility.
- Factoring services is provided only for a specific bill of exchange.

Q.1 B) Multiple Choice Questions Rewrite: (Any 7 out 10) (7)

- Which type of lease gives option to purchase the asset?
(i) Operating lease (ii) Financial ease (iii) Sale and lease back (iv) None of the above
- Which accounting standard defines, lease?
(i) AS-1 (ii) AS-10 (iii) AS- 16 (iv) AS- 19
- In hire purchase system, when the ownership will be transferred to the buyer?
(i) Interest (ii) Principal amount (iii) hire charges (iv) rent
- In instalment purchase system, when the ownership will be transferred to the buyer?
(i) After payment of all instalment (ii) At the time of sale (iii) After first instalment (iv) During the instalment period.
- The hirer enjoys the physical use of the asset without _____
(i) title (ii) money (iii) agreements (iv) none of these.
- The contract of hire purchased is governed by
(i) Contract Act (ii) Sale of goods Act (iii) Hire purchase Act (iv) Special Contract of Bailment and sale of Goods Act.

(g) In a _____ lease, the lessor does not transfer all the risks and rewards incidental to the ownership of the asset.

(i) financing (ii) operating (iii) both (i) and (ii) (iv) None of (i) and (ii)

(h) _____ is the method of financing fixed assets to be purchased on future date

(i) Hire purchase (ii) Housing (iii) Lease (iv) Mortgage

(i) _____ is a legal document outlining the terms which one party agree to rent.

(i) Hire purchase (ii) Housing (iii) Lease (iv) Mortgage

(j) Leasing activity started in India _____.

(i) 1971 (ii) 1972 (iii) 1973 (iv) 1974

Q.2)(A) What are financial services? Explain any 6 Fund based financial services. (8)

(B) What are the characteristics of financial services? (7)

OR

(C) What is factoring? Explain its mechanism. (8)

D) Explain the merits and demerits of factoring? (7)

Q.3 X purchased a Truck on hire purchase system from Y. The total cash price of truck is Rs. 31,960 payable Rs. 8,000 down and three instalment of Rs. 12,000 , Rs. 10,000 and Rs. 4,000 payable at the end of the 1st, 2nd and 3rd year respectively. Interest is charged at 5% p.a. Charge depreciation at 10% on SLM. Prepare ledger accounts in the books of X.

1) Y Accounts 2) Truck Account 3) Interest Account. (15)

OR

(C) What are the difference between factor and securitization? (8)

(D) Explain the important types of securities under securitization. (7)

Q.4(A) Define leasing and explain characteristics of leasing. (8)

B) Distinguish between Financial lease and Operating lease. (7)

OR

C) Explain the meaning of Venture Capital. State its features? (8)

D) List out the advantages of venture capital financing. (7)

Q.5 Write short notes on: (ANY 3) (15)

A) Growth of plastic money service.

B) Advantages of credit rating to investors.

C) NHB

D) Who is stock broker?

E) Write a short note on resources and non-resource factoring.