

M.B.A. (GM-FM) Sem.-4 Examination

LS-401

M.F.S.

Time : 2-30 Hours]

April-2025

[Max. Marks : 70

Q-1	A) Explain Capital Market. Briefly describe all the instruments of capital Market.	14
Q-2	<p>A) Explain the term depositories. What type of services do depositories provide? What are the benefits of depository system?</p> <p style="text-align: center;"><u>OR</u></p> <p>B) AB Ltd. Purchased from CD Ltd. A machine costing Rs. 1,20,000 on hire purchase system. Payment was to be made Rs. 30,000 down and the remainder in 3 equal installments together with interest @5%. AB Ltd. writes off depreciation @20% on the diminishing balance method. It paid the installment at the end of 1st year but could not pay the next. Prepare the necessary ledger accounts in the books of parties for two years if the hire vendor took possession of the machine. The hire vendor spent Rs. 5,800 on getting the machine thoroughly overhauled and sold them for Rs. 70,000.</p>	14
Q-3	<p>A) Explain mutual funds and its types. Also explain the role of various entities involved in the organization of mutual funds.</p> <p style="text-align: center;"><u>OR</u></p> <p>B) ABC Company Ltd. is faced with two options as under in respect of acquisition of an asset value Rs. 1,00,000.</p> <p>(i) To acquire the asset directly by taking a bank loan of Rs. 1,00,000 repayable in 5 years and installments at an interest of 5%.</p> <p>(ii) To lease the asset at rental of Rs.350 per Rs.1,000 of asset value for 5 years payable at the year end.</p> <p>The following additional information is available -</p> <ol style="list-style-type: none"> 1. The rate of depreciation of the asset is 15% W.D.V. method 2. The company has an effective tax rate of 30%. 3. The company employs a discounting rate of 16%. <p>You are required to indicate in your report which option is more preferable to the company. Restrict calculation over a period of 10 years.</p>	14

(P.T.O)

Q-4	A) What is factoring? Explain the types and mechanism of factoring. <p style="text-align: center;"><u>OR</u></p> B) Compute the effective cost of factoring from the following details ---- Credit sales 12,00,000 Average collection period 3 months Factor reserves 20% Factor commission 4% Bad debt 2% Collection expenses 20,000p.a. Interest 18% p.a.	14
Q-5	A) What is Credit Rating? Explain the benefits of credit rating to (i) Investors (ii) Rated company (iii) Intermediary (iv) Business World	14