

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.Com. DEGREE EXAMINATION – COMMERCE**

FIFTH SEMESTER – NOVEMBER 2007

AV10

**CO 5402 - FINANCIAL SERVICES**

Date : 13/11/2007  
Time : 9:00 - 12:00

Dept. No.

Max. : 100 Marks

**SECTION-A**

**ANSWER ALL THE QUESTIONS**

**10 x 2 = 20**

1. List out the differences between Merchant Banking and Commercial Banking.
2. What do you mean by International Factoring?
3. Give the meaning of tripartite agreements
4. What is credit syndication?
5. Define the term Financial Lease.
6. Explain the concept of Underwriting.
7. What is 'seed capital'.
8. What is meant by securitisation?
9. What is bridge finance?
10. Explain the concept of Management Buy-Outs.

**SECTION-B**

**ANSWER ANY TWO QUESTIONS.**

**5 x 8 = 40**

11. What are the stages involved in venture capital financing?
12. Explain the securitisation process followed by financial institutions for creating additional liquidity.
13. Write short notes on:
  - a. Special Purpose Vehicle
  - b. Syndicate underwriting
  - c. Messanine capital
14. "Venture capital financing in India is to go a long way". Comment.
15. Distinguish between financial lease and operating lease.
16. List out the recommendations made by the Kalyanasundaram Committee on introducing factoring services in India.
17. How does venture capital promote new class of entrepreneurs?
18. State and explain the legal aspects involved in leasing.

**SECTION-C**

**ANSWER ANY TWO QUESTIONS**

**2 x 20 = 40**

19. A firm can purchase for Rs.2500 an asset having life of 5 years after which its salvage value is Rs.500. The firm provides depreciation on SLM. Purchasing and using the asset will increase the firm's expected revenues by Rs.1500 per year and will raise its expected operating expenses (not including depreciation and interest) by Rs.700 per year. The corporate tax is 50% and the cost of capital of the firm is 10%. The firm can also lease the asset for a yearly rental of Rs.650. The incremental revenue will be same at Rs.1500 per year and the increase in the firm's expected operating expense is Rs.600 per year only. Evaluate the proposals.
20. Discuss the various functions of merchant bankers and their role in corporate sector.
21. Explain the different types of factoring agreements with due importance to the steps involved in this type of financial arrangement. State its merits.

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