

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2078  
Bachelor of Business Studies (BBS)  
Semester - VII

Subject: Financial Institutions and Markets

Course Code: FIN 475

Full Marks: 60 Pass Marks: 30

Time: 3: 00 Hours

*You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.*

**SECTION A: VERY SHORT ANSWER QUESTIONS (10 X 1 = 10 MARKS)**

Answer **ALL** the questions.

1. List out the various form of financial institutions.
2. Differentiate between financial assets and physical assets.
3. Write the meaning of Asset Securitization.
4. Mention any four important financial institutions of Nepal.
5. What do you mean by right offering?
6. Define close-end Company.
7. Mention the instruments of money market.
8. What are the methods of raising funds in primary market?
9. Write the definition of money market.
10. What do you mean by commercial paper?

**SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)**

Answer any **THREE** questions.

11. Define financial market. Explain the features of financial market. [3+5]
12. Write the meaning of the World Bank and explain its functions. [3+5]
13. Write the meaning of insurance company and explain its types. [3+5]
14. The close end fund has a portfolio of worth Rs 250 million. It has the liabilities of Rs 15 million and 5 million shares outstanding. [4+4]
  - a. What is the NAV of the fund?
  - b. If the fund sells for Rs 42 per share, what is the percentage premium or discount?
15. Calculate the discount yield and bond equivalent yield of a 180-days Treasury bill with a face value of Rs 1000 currently selling at Rs 960. [4+4]

**SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)**

Answer any **TWO** questions.

16. Write the meaning of stock market. Explain its functions. [5+8]
17. Define primary market. Explain its features and discuss the methods of raising funds in primary market. [4+3+6]
18. a) Suppose, NIBL Pragati Fund has sold 1550,000 units to investors. Currently the fund has accrued investment management fee obligation of Rs 630,000. The funds' portfolio is shown below. Calculate net assets value. [7]

Stocks	No. of shares	Price per share
Everest Bank	15000	750
Nabil Bank	500	1000

National Hydropower Company	4000	480
Nepal Lever	3500	3000
Soltee Hotel	25000	180
Pokhara Finance	5000	750

b) Consider the following data of an open-end mutual fund

Year	NAV on January 1	Distribution of at the end of the year	
		Dividends	Capital gains
2019	Rs 50	Rs 5	Rs 4
2020	54	3	6
2021	58	-	-

a. Calculate the HPR for 2020 [3]

b. Calculate the HPR for 2021 [3]

**THE END**