

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Chance Examination-2080  
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. What is asset securitization?
2. Mention the main features of financial markets.
3. List out any four important objectives of the World Bank.
4. Mention any four important functions of commercial banks.
5. What is equity funds?
6. The close end fund has a portfolio of worth Rs 240 million. It has the liabilities of Rs 20 million and 5 million shares outstanding. What is the NAV of the fund?
7. What is primary market?
8. Define initial public offering (IPO).
9. Write the meaning of treasury bill.
10. Mention the participants of capital market.

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

Answer any **THREE** questions.

11. What is financial market? Explain its functions. [3+5]
12. Write the meaning of Asian Development Bank and explain its functions. [3+5]
13. Define capital market. Explain the functions of capital market. [3+5]
14. What do you mean by mutual fund? What are its advantages? Explain briefly. [3+5]
15. Calculate the discount yield and bond equivalent yield of a 91-days Treasury bill with a face value of Rs 1000 currently selling at Rs 965. [4+4]

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

Answer any **TWO** questions.

16. Define money market. Explain the instruments traded in money market. [5+8]
17. What do you mean by insurance companies? Explain the various functions of insurance companies. [5+8]
18. a) Mr. Gole invests Rs 1558,000 in an open-end mutual fund. The NAV is Rs 490 and the offering price of the share is Rs 510. At the end of one year the investor receives Rs 10 dividend per share and sells the share at a NAV of Rs 530.

- i. Calculate the HPR. [3]      ii Calculate the HPR assuming that there is no load fee. [3]

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
2010	Rs 30	Rs 4	Rs 2
2011	36	3	5
2012	42	-	-

- i. Calculate the HPR for 2011 [3.5]      ii. Calculate the HPR for 2012 [3.5]

**THE END**