

**UNIVERSITY OF COLOMBO, SRI LANKA**  
**FACULTY OF MANAGEMENT AND FINANCE**

Bachelor of Business Administration  
(Level II Semester VII) Examination March/April 2010

**FIN 2201 – Money and Capital Markets**

Two (02) Hours

Answer only **FOUR (04)** Questions.

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1. "Credit rating can refer as an entity's specific financial obligation or to its general credit worthiness. Ratings are not equal to or the same as buy, sell or hold recommendations". Do you agree with this statement? Justify your answer.  

**(25 Marks)**
  
2. The bond market in Sri Lanka shows an imbalanced development with number of market, legal and regulatory constraints. Elaborate this statement.  

**(25 Marks)**
  
3. A well functioning money market significantly contributes to the overall development of an economy. Discuss the functions of money market in Sri Lanka comparing with that of other developing countries.  

**(25 Marks)**
  
4.
  - i. The realized return of debenture investments consists of different components. Identify and describe these returns with a hypothetical example.  

**(09 Marks)**
  
  - ii. As public debt is the single largest debt portfolio in Sri Lanka, better management of public debt is an essential factor to the internal and external stability of the economy. Discuss this statement.  

**(16 Marks)**

**(Total 25 Marks)**

5. Write short notes on the followings:

- i. Claims paying ability rating
- ii. Callable Bonds
- iii. Corporate Bond Development Task Force (CBDTF)
- iv. Bloomberg bond trading system
- v. Debt Management Performance Assessment (DeMPA) Tool

(05 Marks each)

(Total 25 Marks)