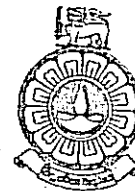


THE OPEN UNIVERSITY OF SRI LANKA
BACHELOR OF MANAGEMENT STUDIES DEGREE PROGRAMME
INTERIM LEVEL
ASSIGNMENT TEST – 2006
MONEY & CAPITAL MARKETS – MCU 2208
DURATION: TWO (02) HOURS



DATE: 07th May 2006

TIME :2.00 p.m. – 4.00 p.m.

Answer any **four (04)** questions. Each question carries equal marks.

1. Critically analyze the role of a Financial Market in an economy. (25 marks)
2. a) Summarise the historical evolution of Share Market in Sri Lanka. (15 marks)
b) Analyze how Political instability and civil war affect on investments in Share Market. (10 marks)
3. a) What is the difference between a Financial Market and a Financial System? Explain. (7 marks)
b) What do you mean by financial intermediation? Elaborate. (10 marks)
c) Explain the following highlighting their salient features. (08 marks)
 - Common shares
 - Preference shares
 - Debentures
 - Price-time Priority
4. a) In what ways does an “Investment in Treasury bills” differ from “investing in shares”? Explain. (5 marks)
b) What is the role of a commercial bank in an economy? Explain. (10 marks)
c) Describe the role of the finance companies in an economy. (10 marks)
5. a) A 11%, Rs.100/= Treasury bond with a remaining maturity of 4 years is selling at Rs.96/- calculate its approximate yield to maturity. Show workings. (08 marks)
b) As a student studying “Money & Capital Markets”, what are the suggestions you would make to attract new investments to Colombo Stock Exchange? Explain. (17 marks)

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