

**BUSINESS FINANCE**

**Duration: 2 hours**

**Max. Marks: 80 marks**

**Instructions:** *Figures to the right indicate maximum marks.*

*Start each question on a fresh Page.*

*All questions are compulsory.*

**Q.1) Write short notes on (Any 4)**

**(16 marks)**

- a) Principles of business finance
- b) Features of working capital
- c) Business finance v/s Corporate finance
- d) Types of capital plan
- e) Classification of capital
- f) IDBI

**Q.2) Write short notes on (Any 4)**

**(16 marks)**

- a) Fair capitalization
- b) Cost theory v/s Earnings theory
- c) Types of capital gearing
- d) Significance of capital structure
- e) LIC
- f) Causes of over-capitalization

**Q.3) (a) What is financial plan? Explain the requirements of an ideal financial plan. (12 mks)**

OR

**Q.3) (x) "Financial planning is the key to successful business operation". Comment on this statement and also enumerate the steps in financial planning. (12 mks)**

**Q.4) (a) What is fixed capital? Explain the factors determining fixed capital requirements of a business unit. (12 mks)**

OR

**Q.4) (x) "Adequacy of working capital ensures smooth working of a manufacturing unit"- Discuss. (12 mks)**

**Q.5) (a)** What is under capitalization? Explain the effects of under capitalization on various stakeholders. **(12 mks)**

OR

**Q.5) (x)** What is over capitalization? Suggest measures to overcome its dangers. **(12 mks)**

**Q.6) (a)** Explain the concept of Trading on Equity. Discuss its merits and demerits. **(12 mks)**

OR

**Q.6) (x)** What is capital structure? Explain the determinants of capital structure. **(12 mks)**