

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)**