

Business Finance

Duration: 2 hours

Marks: 80

- Instructions: 1) All questions are compulsory
2) Figures to the right indicate Marks
3) Start each question on fresh page

Q1 Write short notes on (Any 4) (4x4=16)

- i) Significance of financial planning
- ii) Cost theory of capitalisation
- iii) Advantages of capital gearing
- iv) Determinants of Fixed Capital
- v) Importance of Capital Structure
- vi) Changing Role of financial Institutions

Q2 Write short notes on (Any 4) (4x4=16)

- i) Business Finance v/s Corporate finance
- ii) High capital gearing v/s Low Capital gearing
- iii) Functions of IFCI
- iv) Balanced Capitalisation
- v) Essentials of good Financial Plan
- vi) Earnings Theory of capitalisation

Q3A) Describe briefly the various steps in Financial Planning. (12)

OR

X) Explain the various principles of Business Finance (12)

Q4A) What is undercapitalisation? Explain its causes and remedies to overcome it. (12)

OR

X) Distinguish between fixed Capital and working Capital . (12)

Q5A) What is trading on equity? Discuss the various advantages. (12)

OR

X) Describe the concept "Capital Structure". Explain the factors influencing capital structure. (12)

Q6A) Discuss the functions of EDC as a specialised financial institution. (12)

OR

X) Describe the role of LIC as a specialised financial institution. (12)